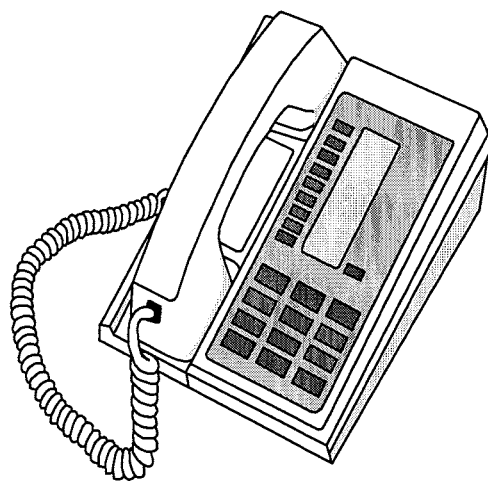


YEAR ENDING 2005

ANNUAL REPORT
OF
Citizens Communications

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PUBLIC SERVICE
COMMISSION

TELEPHONE UTILITY



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

General Information

Year: 2005

1	Legal Name of Respondent:	Citizens Telecommunications Company of Montana
2	Name Under Which Respondent Does Business:	Frontier Communications of Montana
3	Date of Incorporation:	07/07/93
4	Address to send Correspondence Concerning Report:	3 High Ridge Park Stamford, CT 06905
5	Person Responsible for This Report:	Kathy Caminiti
5a.	Telephone Number:	203 - 614 - 5190
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:	Citizens Communications Company 3 High Ridge Park Stamford, CT 06905
	1b. Means by which control was held:	Common Stock
	1c. Percent Ownership:	100%

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	John H. Casey III	None
2	3 High Ridge Park, Stamford, Connecticut 06905	
3		
4	Mary A. Wilderotter	None
5	3 High Ridge Park, Stamford, Connecticut 06905	
6		
7	Jerry Elliott	None
8	3 High Ridge Park, Stamford, Connecticut 06905	
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17		
18	Chairman of the Board:	
19	Mary A. Wilderotter	
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		Mary A. Wilderotter
2	President & COO		John H. Casey III
3	VP & Treasurer		Donald B. Armor
4	V.P. & C.F.O.		Jerry Elliott
5	V.P. Engeneering		David P. Freeza
6	V.P. General Counsel & Sec'ty		Hilary Glasman
7	V.P. & CAO		Robet Larson
8	Assistant Secretary		Gregg C. Sayre
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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	8,329	(12,933)
3	1180	Telecommunications Accounts Receivable - Net	425,532	459,167
4	1190	Other Accounts Receivable - Net	389,065	246,617
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	22,212	27,056
8	* 1280	Prepayments		
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets		
15		Total Current Assets	845,138	719,907
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	(7,939,670)	(10,127,667)
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	3,714	5,137
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	(7,935,957)	(10,122,530)
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	27,913,786	27,209,251
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	343,212	272,209
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	14,619,967	14,619,967
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(16,754,317)	(15,321,343)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		100
38	3400	Accumulated Amortization	(7,930,449)	(7,498,562)
39		Net Property, Plant, & Equipment	18,192,199	19,281,622
40		TOTAL ASSETS	11,101,381	9,878,999

^ 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	49,404	121,392
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	125,341	117,455
45	4040	Customer Deposits	(5,466)	4,882
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	222,244	211,075
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	15,199	(1,448)
53	4130	Other Current Liabilities		(195)
54		Total Current Liabilities	406,723	453,161
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	4,908,749	4,725,127
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	54,790	57,503
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	4,963,539	4,782,630
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	1,000	1,000
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	5,730,119	4,642,208
79		Total Stockholders' Equity	5,731,119	4,643,208
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	11,101,380	9,878,999

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	2,220,742	2,010,175
3	5080	Network Access Revenues	3,979,439	4,191,716
4	* 5100	Long Distance Message Revenue	3,864	18,338
5	^ 5110	Unidirectional Long Distance Revenue	3,864	12,209
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		6,129
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	141,172	125,792
10	^ 5230	Directory Revenue	25,805	25,219
11	^ 5240	Rent Revenue	9,800	4,390
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	18,783	22,769
14	^ 5270	Carrier Billing and Collection Revenue	86,784	73,415
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	11,797	(48,677)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	6,333,420	6,394,698
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	1	1,957
20	6120	General Support Expense	395,771	487,035
21	6210	Central Office Switching Expense	107,042	107,696
22	6220	Operator Systems Expense	617	546
23	6230	Central Office Transmission Expense	116,995	128,367
24	6310	Information Origination/Termination Expense	16,851	22,978
25	* 6410	Cable and Wire Facilities Expense	274,882	239,500
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	1	48
29	6530	Network Operations Expense	411,681	375,062
30	6540	Access Expense	159,089	95,441
31	6560	Depreciation and Amortization Expense	1,935,404	1,935,660
32	6610	Marketing	133,993	92,585
33	6620	Services	333,874	389,301
34	6710	Executive and Planning	70,880	369,910
35	6720	General and Administrative	302,990	382,292
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	4,260,072	4,628,378
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,076,198	962,674
40		Net Operating Income (L.17-L.37+L.38-L.39)	997,150	803,646
41	7300	Nonoperating Income and Expense	1,089	15,549
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	296	2,564
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(89,968)	(126,999)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	1,087,911	943,630

^ Subaccount of the account marked with a *.

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	Same as Schedule 4	
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		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: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,220,742	2,010,175
3	5080	Network Access Revenues	1,461,183	1,641,694
4	* 5100	Long Distance Message Revenue	3,864	18,338
5	^ 5110	Unidirectional Long Distance Revenue	3,864	12,209
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		6,129
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	87,398	82,520
10	^ 5230	Directory Revenue	25,805	25,219
11	^ 5240	Rent Revenue	9,800	4,390
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	18,783	22,769
14	^ 5270	Carrier Billing and Collection Revenue	33,010	30,142
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	11,797	(48,677)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	3,761,390	3,801,404
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	1	1,270
20	6120	General Support Expense	256,658	315,850
21	6210	Central Office Switching Expense	69,417	53,569
22	6220	Operator Systems Expense	400	272
23	6230	Central Office Transmission Expense	75,872	63,852
24	6310	Information Origination/Termination Expense	10,928	17,233
25	* 6410	Cable and Wire Facilities Expense	178,261	177,437
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	1	31
29	6530	Network Operations Expense	240,668	243,233
30	6540	Access Expense	37,306	32,997
31	6560	Depreciation and Amortization Expense	1,253,174	1,255,825
32	6610	Marketing	79,284	54,785
33	6620	Services	246,666	266,602
34	6710	Executive and Planning	47,532	244,601
35	6720	General and Administrative	203,185	252,786
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	2,699,353	2,980,343
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	696,408	620,510
40		Net Operating Income (L.17-L.37+L.38-L.39)	365,630	200,551

^ Subaccount of the account marked with a *.

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	2,220,742	2,010,175
3	5080	Network Access Revenues	1,461,183	1,641,694
4	* 5100	Long Distance Message Revenue	3,864	18,338
5	^ 5110	Unidirectional Long Distance Revenue	3,864	12,209
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		6,129
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	87,398	82,520
10	^ 5230	Directory Revenue	25,805	25,219
11	^ 5240	Rent Revenue	9,800	4,390
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	18,783	22,769
14	^ 5270	Carrier Billing and Collection Revenue	33,010	30,142
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	11,797	(48,677)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	3,761,390	3,801,404
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	1	1,242
20	6120	General Support Expense	226,659	278,932
21	6210	Central Office Switching Expense	69,412	53,566
22	6220	Operator Systems Expense	400	272
23	6230	Central Office Transmission Expense	74,183	62,431
24	6310	Information Origination/Termination Expense	1,518	2,394
25	* 6410	Cable and Wire Facilities Expense	178,261	177,437
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	1	29
29	6530	Network Operations Expense	231,028	233,491
30	6540	Access Expense	37,306	32,997
31	6560	Depreciation and Amortization Expense	1,231,407	1,234,012
32	6610	Marketing	43,036	29,737
33	6620	Services	198,106	214,117
34	6710	Executive and Planning	43,538	224,046
35	6720	General and Administrative	189,234	235,429
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	2,524,089	2,780,132
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	716,134	638,086
40		Net Operating Income (L.17-L.37+L.38-L.39)	521,168	383,186

^ 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	27,561,519	26,460,252
2	3100	Accumulated Depreciation	16,037,830	14,600,536
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	24,634	16,638
6	4340	Noncurrent Deferred Operating Income Taxes	4,816,938	4,707,102
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)	6,731,384	7,169,252

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	17,835,059	17,159,886
2	3100	Accumulated Depreciation	10,365,250	9,628,381
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	18,251	12,328
6	4340	Noncurrent Deferred Operating Income Taxes	2,014,444	2,007,474
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)	5,473,617	5,536,359

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	17,496,193	16,834,574
2	3100	Accumulated Depreciation	10,101,972	9,383,820
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	17,905	12,093
6	4340	Noncurrent Deferred Operating Income Taxes	1,739,472	1,733,454
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)	5,672,653	5,729,393

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		1,087,911
4	Reconciliation Adjustments:	1,864,961	
5	Depreciation & Amortization		
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	183,622	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	(108,813)	
11	Change in Materials, Supplies & Inventories - Net	4,844	
12	Change in Operating Payables & Accrued Liabilities - Net	(46,438)	
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net	(2,713)	
15	Other (explained on back of this page)		
16	Total Adjustments		1,895,463
17	Net Cash Provided by/(Used in) Operating Activities		2,983,374
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(775,539)	
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates	(2,186,574)	
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		(2,962,112)
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		21,261
40	Cash & Cash Equivalents at Beginning of Period		(12,933)
41	Cash & Cash Equivalents at End of Period		8,328

Receivables and Investments-Affiliated & Non-affiliated 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	Various		436,578	(11,046)	421,204	(32,139)				(7,939,671)	
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29											
30	Totals		436,578	(11,046)	421,204	(32,139)				(7,939,671)	

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	* 2110	Land and Support Assets	2,442,046	40,595	(40,460)		2,442,181	1,200,517	1,241,664
2	^ 2111	Land	76,722				76,722		76,722
3	^ 2112	Motor Vehicles	267,988	28,735	(26,540)		270,183	121,917	148,266
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	53,233				53,233	64,505	(11,272)
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	205,298	7,720			213,018	75,583	137,435
8	^ 2121	Buildings	1,719,803	4,140			1,723,943	891,599	832,344
9	^ 2122	Furniture	4,208				4,208	(3,151)	7,359
10	^ 2123	Office Equipment	13,920		(13,920)			1,159	(1,159)
11	^ 2124	General Purpose Computers	100,874				100,874	48,904	51,970
12	^ 2211	Analog Electronic Switching							
13	^ 2212	Digital Electronic Switching	3,909,925	4,612	(11,917)	13,493	3,916,113	1,592,609	2,323,504
14	^ 2215	Electro-Mechanical Switching							
15	^ 2220	Operator Systems							
16	^ 2231	Radio Systems	1,463,566		(2,643)		1,460,923	1,502,654	(41,731)
17	^ 2232	Circuit Equipment	4,197,133	288,409	(11,887)	21,807	4,495,462	3,036,709	1,458,753
18	* 2310	Information Orig & Term Equip	151,882				151,882	181,783	(29,901)
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	151,882				151,882	181,783	(29,901)
24	^ 2411	Poles	585,727	7,701	(803)		592,625	493,353	99,272
25	* 2420	Cable and Wire Facilities	14,265,136	398,029	(2,399)		14,660,766	8,598,905	6,061,861
26	^ 2421	Aerial Cable	2,633,033	95,134	(617)		2,727,550	2,494,401	233,149
27	^ 2422	Underground Cable	163,692				163,692	87,888	75,804
28	^ 2423	Buried Cable	11,468,411	302,895	(1,782)		11,769,524	6,016,615	5,752,909
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable							
32	^ 2431	Aerial Wire	45,109				45,109	101,410	(56,301)
33	^ 2441	Conduit Systems	148,728				148,728	62,461	86,267
34		Totals	27,209,252	739,346	(70,109)	35,300	27,913,789	16,770,400	11,143,389

^ 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							
2							
3	none						
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												
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	Total											

Year: 2005

Cost of Preferred Stock

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	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)											

Year: 2005

Analysis of Common Stock

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price High (g)	Market Price Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:	100**							
2									
3									
4									
5									
6									
7									
8	Month by Month Data:								
9	January								
10	February								
11	March								
12	April								
13	May								
14	June								
15	July								
16	August								
17	September								
18	October								
19	November								
20	December								
21									
22									
23									

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

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 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	n/a						
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	* 6110	Network Support Expense		0		1		1
2	^ 6112	Motor Vehicle Expense		0		0		0
3	^ 6113	Aircraft Expense						
4	^ 6114	Special Purpose Vehicles Expense						
5	^ 6115	Garage Work Equipment Expense						
6	^ 6116	Other Work Equipment Expense				1		1
7	* 6120	General Support Expense	40,932	9,934	26,645	318,260		395,771
8	^ 6121	Land and Building Expense	10,063	1,946	16,406	112,610		141,025
9	^ 6122	Furniture and Artworks Expense				2,218		2,218
10	^ 6123	Office Equipment Expense			10,109	6,928		17,037
11	^ 6124	General Purpose Computers Expense	30,870	7,987	130	196,504		235,491
12	* 6210	Central Office Switching Expense	46,364	10,436		50,243		107,042
13	^ 6211	Analog Electronic Expense						
14	^ 6212	Digital Electronic Expense	46,364	10,436		50,243		107,042
15	^ 6215	Electro-Mechanical Expense						
16	^ 6220	Operator Systems Expense				617		617
17	* 6230	Central Office Transmission Expense	82,168	18,259		16,569		116,995
18	^ 6231	Radio Systems Expense	9,771	2,163		5,685		17,619
19	^ 6232	Circuit Equipment Expense	72,397	16,096		10,884		99,377
20	* 6310	Information Origination/Termination Expense	12,496	2,681		1,675		16,851
21	^ 6311	Station Apparatus Expense						
22	^ 6341	Large Private Branch Exchange Expense						
23	^ 6351	Public Telephone Terminal Equipment Exp.						
24	^ 6362	Other Terminal Equipment Expense	12,496	2,681		1,675		16,851
25	* 6410	Cable and Wire Facilities Expense	117,288	25,350	47,400	84,844		274,882
26	^ 6411	Poles Expense			47,400			47,400
27	^ 6421	Aerial Cable Expense	49,377	11,343		884		61,604
28	^ 6422	Underground Cable Expense				13,368		13,368
29	^ 6423	Buried Cable Expense						
30	^ 6424	Submarine Cable Expense						
31	^ 6425	Deep Sea Cable Expense	67,910	14,007		70,592		152,510
32	^ 6426	Intrabuilding Network Cable Expense						
33	^ 6431	Aerial Wire Expense						
34		Subtotals	299,247	66,659	74,045	472,209		912,160

^ Subaccount of the account marked with a *

Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense		1				1
36	6441	Other Property Expenses				135,029		411,681
37	*	Network Operations Expense	220,383	56,269				
38	^	Power Expense				41,631		41,631
39	^	Network Administration Expense	101,389	28,282		60,815		190,487
40	^	Testing Expense	6,491	1,750		14,564		22,805
41	^	Plant Operations Expense	73,101	15,703		8,314		97,118
42	^	Engineering Expense	39,402	10,533		9,704		59,639
43		Access Expense				159,089		159,089
44	6561	Depreciation - Telecomm. Plant in Service				1,503,516		1,503,516
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other				431,887		431,887
49	*	Marketing	53,203	10,746		70,045		133,993
50	^	Product Management	11,087	2,677		3,010		16,774
51	^	Sales	41,933	8,015		6,988		56,936
52	^	Product Advertising	183	54		60,047		60,284
53	6621	Call Completion Services						
54	6622	Number Services	1,642	413		1,468		3,523
55	6623	Customer Services	236,764	57,072		36,516		330,351
56	6711	Executive	35,589	23,302		11,350		70,240
57	6712	Planning				640		640
58	6721	Accounting and Finance	52,101	10,801		16,377		79,279
59	6722	External Relations	17,737	4,530		45,841		68,107
60	6723	Human Relations	16,121	2,927		5,557		24,606
61	6724	Information Management	37,833	11,985		3,649		53,468
62	6725	Legal	5,956	898		6,187		13,041
63	6726	Procurement	2,744	501		(579)		2,667
64	6727	Research and Development						
65	6728	Other General and Administrative	4,770	3,391	6,521	47,140		61,822
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	984,090	249,495	80,567	2,945,920		4,260,072

^ Subaccount of the account marked with a *

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	same as Schedule 17					
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense						
8	^	L and 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)
35	^	Conduit Systems Expense						
36		Other Property Expenses						
37	*	Network Operations Expense						
38	^	Power Expense						
39	^	Network Administration Expense						
40	^	Testing Expense						
41	^	Plant Operations Expense						
42	^	Engineering Expense						
43		Access Expense						
44		Depreciation - Telecomm. Plant in Service						
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing						
50	^	Product Management						
51	^	Sales						
52	^	Product Advertising						
53		Call Completion Services						
54		Number Services						
55		Customer Services						
56		Executive						
57		Planning						
58		Accounting and Finance						
59		External Relations						
60		Human Relations						
61		Information Management						
62		Legal						
63		Procurement						
64		Research and Development						
65		Other General and Administrative						
66		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? _____		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	799,458,000	761,683,000	4.96%
8	Service cost	6,117,000	5,748,000	6.42%
9	Interest Cost	46,416,000	46,468,000	-0.11%
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain	48,750,000	44,350,000	9.92%
13	Acquisition			
14	Benefits paid	(58,139,000)	(58,791,000)	-1.11%
15	Benefit obligation at end of year	842,602,000	799,458,000	5.40%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	761,168,000	719,622,000	5.77%
18	Actual return on plan assets	59,196,000	80,337,000	-26.32%
19	Acquisition			
20	Employer contribution		20,000,000	-100.00%
21	Plan participants' contributions			
22	Benefits paid	(58,139,000)	(58,791,000)	-1.11%
23	Fair value of plan assets at end of year	762,225,000	761,168,000	0.14%
24	Funded Status	(80,377,000)	(38,290,000)	109.92%
25	Unrecognized net actuarial loss	223,525,000	183,481,000	21.82%
26	Unrecognized prior service cost	(1,745,000)	(1,988,000)	-12.22%
27	Prepaid (accrued) benefit cost	141,403,000	143,203,000	-1.26%
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate	5.63%	6.00%	6.25%
31	Expected return on plan assets	8.25%	8.25%	
32	Rate of compensation increase	4.00%	4.00%	
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost	6,117,000	5,748,000	-6.42%
36	Interest cost	46,416,000	46,468,000	0.11%
37	Expected return on plan assets	(60,371,000)	(57,203,000)	5.54%
38	Amortization of prior service cost	(244,000)	(244,000)	
39	Recognized net actuarial loss	9,882,000	8,806,000	-12.22%
40	Net periodic benefit cost	1,800,000	3,575,000	49.65%
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	9	8	-12.50%
48	Not Covered by the Plan			
49	Active	9	8	-12.50%
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	5.625%	6.00%	-6.25%
8 Expected return on plan assets	8.250%	8.25%	
9 Medical Cost Inflation Rate	5-9.5%	7-10%	
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	217,380,000	223,337,000	-2.67%
20 Service cost	1,046,000	1,128,000	-7.27%
21 Interest Cost	12,055,000	12,698,000	-5.06%
22 Plan participants' contributions	3,461,000	4,118,000	-15.95%
23 Amendments	(59,798,000)	(3,045,000)	1863.81%
24 Actuarial Gain	3,770,000	(1,706,000)	-320.98%
25 Acquisition			
26 Benefits paid	(16,992,000)	(19,150,000)	-11.27%
27 Benefit obligation at end of year	160,922,000	217,380,000	-25.97%
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year	15,126,000	27,493,000	-44.98%
30 Actual return on plan assets	397,000	987,000	-59.78%
31 Acquisition			
32 Employer contribution	9,431,000	1,678,000	462.04%
33 Plan participants' contributions			
34 Benefits paid	(13,530,000)	(15,032,000)	-9.99%
35 Fair value of plan assets at end of year	11,424,000	15,126,000	-24.47%
36 Funded Status	(149,498,000)	(202,254,000)	-26.08%
37 Unrecognized net actuarial loss	42,325,000	44,319,000	-4.50%
38 Unrecognized prior service cost	(61,161,000)	(2,617,000)	2237.07%
39 Prepaid (accrued) benefit cost	(168,334,000)	(160,552,000)	4.85%
40 Components of Net Periodic Benefit Costs			
41 Service cost	1,046,000	1,128,000	-7.27%
42 Interest cost	12,055,000	12,698,000	-5.06%
43 Expected return on plan assets	(1,248,000)	(2,268,000)	-44.97%
44 Amortization of prior service cost	(1,255,000)	(204,000)	515.20%
45 Recognized net actuarial loss	6,615,000	5,238,000	26.29%
46 Net periodic benefit cost	17,213,000	16,592,000	3.74%
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA	11,424,000	15,126,000	-24.47%
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL	11,424,000	15,126,000	-24.47%
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: 2005

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	4,401	4,534	-2.93%
3	Not Covered by the Plan			
4	Active	1,780	1,867	-4.66%
5	Retired	2,621	2,667	-1.72%
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year		9,312	-100.00%
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments		(11,518)	100.00%
14	Actuarial Gain		2,206	-100.00%
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		44,741	-100.00%
20	Actual return on plan assets		1,606	-100.00%
21	Acquisition			
22	Employer contribution		(46,347)	100.00%
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		(76,651)	100.00%
28	Unrecognized prior service cost		(10,204)	100.00%
29	Prepaid (accrued) benefit cost		(86,855)	100.00%
30	Components of Net Periodic Benefit Cccosts			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets		(3,691)	100.00%
34	Amortization of prior service cost		(1,729)	100.00%
35	Recognized net actuarial loss		(12,276)	100.00%
36	Net periodic benefit cost		(17,696)	100.00%
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	9	8	12.50%
54	Retired			
55	Spouses/Dependants covered by the Plan			

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	Calibus Inc.	3rd Party Verification	281	281	281
2	Wilkerson Barkewr Knauer LL	Legal	377	377	377
3	Orius Telecommunication	Plant Specific	24,816	24,816	24,816
4	Track Utilities, Inc.	Inspection Labor	43,005	43,005	43,005
5	Preferred Electric Inc.	Plant Specific	350	350	350
6	Northern Lights Inc.	Plant Specific	884	884	884
7	Lincoln County Broadcaster	Advertisement	74	74	74
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
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35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total		69,788	69,788	69,788

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	32,996,768	67.53%	32,491,868	66.77%
3	Interstate, IntraLATA	1,884,485	3.86%	1,804,255	3.71%
4	Total Interstate Usage	34,881,253	71.38%	34,296,123	70.48%
5	Intrastate, InterLATA	9,026,551	18.47%	9,206,898	18.92%
6	Intrastate, IntraLATA	4,957,807	10.15%	5,160,994	10.61%
7	Total Intrastate Usage	13,984,358	28.62%	14,367,892	29.52%
8	Total Toll Usage	48,865,611	100.00%	48,664,015	100.00%
9	Centrex				
10	Local				
11	Total Minutes	48,865,611	100.00%	48,664,015	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	Libby, MT	DMS-10	3928					1197	183	10	31	203	99.9%	5552
2	Troy, MT	DMS-10	1722					267	7	5	11	61	99.9%	2073
3	Eureka, MT	DMS-10	121					52	6	4	7	18	99.9%	208
4						442								
5	Total Company													
33	Total		5771			442		1516	196	19	49	282	2.997	7833

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	Libby, Mt	Host HSO Stand Alone	DMS 10	NORTEL	502.1	6,400	1996
2	Troy, Mt	Remote SSO	DMS 10	NORTEL	412.2	2,560	1992
3	Eureka, Mt	Remote RSC	RSC-S	NORTEL	502.1	1,920	1996
4							
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48							

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

Construction Budget - Montana

Year: 2005

Line No.	Description (a)	2006 (b)
1	Central Office Assets:	
2		
3		
4		
5		
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23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	436,825
29	Total Central Office Budget (Total of Line 27 & Line 28)	436,825
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	391,161
43	Total Construction Budget (Total of Lines 29, 41 & 42)	827,986

Montana Employee Counts

Year: 2005

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Exempt	1	1
2	Non-Exempt	8	8
3			
4			
5			
6			
7			
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41			
42			
43	Totals (Sum of Lines 1 through 42)	9	9

NON - PROPRIETARY COPY

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	MGR., OPERATIONS						5.65%
2	COMMUNICATIONS TECHNICIAN						-6.63%
3	COMMUNICATIONS TECHNICIAN						-0.51%
4	COMMUNICATIONS TECHNICIAN						4.81%
5	COMMUNICATIONS TECHNICIAN						-8.52%
6	COMMUNICATIONS TECHNICIAN						2.68%
7	COMMUNICATIONS TECHNICIAN						-3.53%
8	CUSTOMER CARE REPRESENTATIVE						-6.57%
9	CUSTOMER CARE REPRESENTATIVE						-11.94%
10							
11	Totals (Sum L.1 to L.10)						

Compensation of Top 5 Corporate Employees - SEC Information

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	See Proxy Statement						
2							
3							
4							
5							
6	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	18,063
3	2003 - 2004	Construction Work in Progress	222
4	2005	Plant Acquisition Adjustments	9,461
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	16
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	16,354
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	44,116
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	3,761
13	6560	Depreciation & Amortization Expenses	1,253
14		Federal & State Income Taxes	696
15		Other Taxes	
16		Other Operating Expenses	1,446
17		TOTAL Operating Expenses	3,396
18		Net Operating Income	366
19		Other Income	
20		Other Deductions	
21		NET INCOME	366
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	5771
24		Business Access Lines	1675
25		PBX Access Lines	37
26		Other Access Lines	350
27		Total Number of Access Lines	7833
28		Average Number of Calls Per Access Line	
29		Local Calls	n/a
30		Toll Calls (Intra- or Interstate)	n/a
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)	
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	13
34		Gross Plant Investment per Access Line	2,306

Amortization - Montana Intrastate Regulated

Year: 2005

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1				
2				
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32				
33				
34				
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>93.3.12</u>			
2	Order Number <u>5632d</u>			
3				
4	Common Equity	56.21%	9.83%	5.52%
5	Preferred Stock	0.51%	8.28%	0.04%
6	Long Term Debt	43.28%	12.67%	3.39%
7	Other			
8	Total	100.00%		8.953%
9				
Actual at Year End				
10				
11				
12	Common Equity	63.60%	9.05%	5.75%
13	Preferred Stock			
14	Long Term Debt	36.40%	7.92%	2.88%
15	Other			
16	Total	100.00%		8.636%

Network Access - Charges and Revenues

Year: 2005

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3,979,439
2			
3	Montana - Intrastate		1,461,183
4			
5	Montana - Intrastate Regulated		1,461,183
6			
7			
8			
9			
10			
11			
12			
13			

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	Citizens Communication Company (Parent)	Executive Mgmt, Legal, Accounting, Share Holder Relations, HR	Fully Distributed Cost per FCC Part 64.901	124,381		124,381
2						
3						
4						
5	Telecom Sector Central Services	Financial, Regulatory, G/L, A/P, PY, IT, Legal, Engineering, Customer Service	Fully Distributed Cost per FCC Part 64.901	618,427		618,427
6						
7						
8						
9	Telecom Regional Services	Local Management	Fully Distributed Cost per FCC Part 64.901	414,160		414,160
10						
11						
12						
13	Telecom Sector Central Services (Conversion)	Billing System Conversion	Fully Distributed Cost per FCC Part 64.901	493		493
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	TOTAL			\$1,157,460		\$1,157,460

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						
2						
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27						
28						
29						
30	TOTAL					

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	17,496,193	16,834,574	3.93%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(10,101,972)	(9,383,820)	-7.65%
5	Plant in Service	7,394,220	7,450,754	-0.76%
6				
7	Additions			
8	1220 Materials & Supplies	17,905	12,093	48.06%
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions	17,905	12,093	48.06%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	1,739,472	1,733,454	0.35%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	1,739,472	1,733,454	0.35%
20	TOTAL Rate Base	5,672,653	5,729,393	-0.99%
21				
22	Net Earnings	521,168	383,187	36.01%
23				
24	Rate of Return on Average Rate Base	9.187%	6.688%	37.37%
25				
26	Rate of Return on Average Equity	9.395%	6.076%	54.62%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30	4340 Remove Deferred Income Taxes related to Telecom	(1,334,631)	(1,284,706)	
31	Plant Adjustment (TPA)			
32				
33	Comp Tax Rate @ 39.39% w/interest expense adjustment	83,966	155,242	-45.91%
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	Adjusted Rate of Return on Average Rate Base	8.64%	7.68%	12.50%
44				
45	Adjusted Rate of Return on Average Equity	9.05%	6.926%	30.60%

Other Taxes Paid

Year: 2005

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Retail telecommunications Excise Tax	82,772	85,976
2	Montana Public Service Commission Tax	6,904	5,512
3	Montana Consumer Counsel Tax	2,460	1,610
4	911 Emergency Telephone Fee	44,401	40,999
5	Montana Telecommunications Access Service (TDD)	9,316	
6	Real Property Tax		382,800
7			
8			
9			
10			
11			
12	Total	145,854	516,897

SCHEDULE 37

Universal Service Funds Received

Year: 2005

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	1,723,688	1,212,049
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	1,723,688	1,212,049

Other Taxes Paid

Year: 2005

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Retail telecommunications Excise Tax	82,772	85,976
2	Montana Public Service Commission Tax	6,904	5,512
3	Montana Consumer Counsel Tax	2,460	1,610
4	911 Emergency Telephone Fee	44,401	40,999
5	Montana Telecommunications Access Service (TDD)	9,316	
6	Real Property Tax	335,684	382,800
7			
8			
9			
10			
11			
12	Total	481,538	516,897

SCHEDULE 37

Universal Service Funds Received

Year: 2005


Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	1,723,688	1,212,049
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	1,723,688	1,212,049

*Amended
6-9-06*

Citizens Telecommunications Company of Montana
Year ended December 31, 2005

I have examined the foregoing report; that to the best of my knowledge,
information and belief, all statements of fact in this report are true; and that this
report correctly states the respondent's business and affairs in each matter set
forth from January 1, 2005 through December 31, 2005.

Signature:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Name & Title: Joseph Demasi , Director Regulatory