

YEAR ENDING 2005

ANNUAL REPORT OF

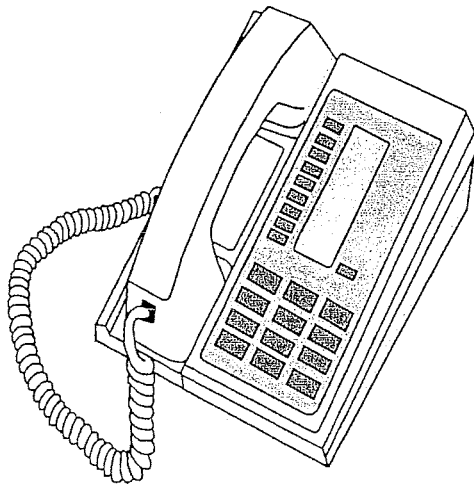
PROJECT TELEPHONE COMPANY

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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:	PROJECT TELEPHONE COMPANY
2	Name Under Which Respondent Does Business:	
3	Date of Incorporation:	1978
4	Address to send Correspondence Concerning Report:	PROJECT TELEPHONE COMPANY PO BOX 600 SCOBEEY, MT 59263
5	Person Responsible for This Report:	KATHY GREENWOOD
5a.	Telephone Number:	406-783-2200
Control Over Respondent		
1	If direct control over the respondent was held by another entity at the end of year provide the following:	
	1a. Name and address of the controlling organization or person: NEMONT TELEPHONE COOPERATIVE, INC. PO BOX 600 SCOBEEY, MT 59263	
	1b. Means by which control was held: STOCK	
	1c. Percent Ownership: 100%	

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Roy D Neufeld Larslan, MT	550
2	Larry Mahler Scobey, MT	600
3	Gary Klind Hindsdale, MT	600
4	Duane Broadbent Ballantine, MT	3050
5	Vernon Whiteman Lodge Grass, MT	3250
6	Pearl Hopkins Poplar, MT	300
7	Charles McVee Glasgow, MT	600
8	Robert Heikens Nashua, MT	550
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18	Chairman of the Board: ROY D NEUFELD	
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	PRESIDENT		ROY D NEUFELD-LARSLAN, MT
2	VICE-PRESIDENT		GARY KLIND-HINSDALE, MT
3	SEC-TREASURER		LARRY MAHLER-SCOBAY, MT
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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	3,651,824	3,603,796
3	1180	Telecommunications Accounts Receivable - Net	414,629	395,064
4	1190	Other Accounts Receivable - Net	470,490	733,135
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable	6,822	4,172
7	1220	Materials and Supplies	961,558	1,002,471
8	* 1280	Prepayments	63,736	5,384
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	63,736	5,384
14	1350	Other Current Assets		
15		Total Current Assets	5,569,059	5,744,022
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	24,433,813	23,330,934
18	1402	Investments in Nonaffiliated Companies	840,972	848,231
19	1406	Nonregulated Investments		
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges	29,533	
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	25,304,318	24,179,165
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	28,079,637	27,416,106
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	664,387	276,694
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	4,395,210	4,395,210
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(15,279,022)	(14,098,210)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(3,448,212)	(3,177,642)
39		Net Property, Plant, & Equipment	14,412,000	14,812,158
40		TOTAL ASSETS	45,285,377	44,735,345

^ 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	1,103,783	896,870
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	277,454	269,038
45	4040	Customer Deposits	65,933	65,444
46	4050	Current Maturities - Long Term Debt	29,160	36,778
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	97,907	105,995
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities		
53	4130	Other Current Liabilities	184,461	239,586
54		Total Current Liabilities	1,758,698	1,613,711
55		LONG-TERM DEBT:		
56	4210	Funded Debt	4,842,925	5,161,876
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	4,226,685	5,104,427
63		Total Long-Term Debt	9,069,610	10,266,303
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net	3,442	3,442
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	2,401,918	2,477,726
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	2,405,360	2,481,168
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	7,950	7,950
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	32,043,759	30,366,213
79		Total Stockholders' Equity	32,051,709	30,374,163
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	45,285,377	44,735,345

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	2,469,979	2,441,414
3	5080	Network Access Revenues	5,869,518	5,393,734
4	* 5100	Long Distance Message Revenue	28	92
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	28	92
9	* 5200	Miscellaneous Revenue	68,324	63,289
10	^ 5230	Directory Revenue	19,053	17,572
11	^ 5240	Rent Revenue	8,599	4,673
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,747	5,605
14	^ 5270	Carrier Billing and Collection Revenue	34,925	35,439
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	5,728	6,615
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,402,121	7,891,914
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	22,519	26,687
20	6120	General Support Expense	475,167	521,929
21	6210	Central Office Switching Expense	320,384	310,307
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	501,435	443,606
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,454,268	1,404,997
26	^ 6431	Aerial Wire Expense	1,453,671	1,403,141
27	^ 6441	Conduit Systems Expense	597	1,856
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	420,403	278,705
30	6540	Access Expense	54,403	47,265
31	6560	Depreciation and Amortization Expense	1,627,874	1,631,234
32	6610	Marketing	19,529	20,345
33	6620	Services	489,761	434,085
34	6710	Executive and Planning	128,168	202,588
35	6720	General and Administrative	746,803	717,982
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,260,714	6,039,730
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	599,493	299,109
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,541,914	1,553,075
41	7300	Nonoperating Income and Expense	2,077,586	3,091,596
42	7400	Nonoperating Taxes	87,152	505
43	7500	Interest and Related Items	540,361	601,735
44	7600	Extraordinary Items	246,988	185,687
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	2,744,999	3,856,744

^ 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	2,412,409	2,386,184
3	5080	Network Access Revenues	5,819,170	5,347,139
4	* 5100	Long Distance Message Revenue	28	92
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	28	92
9	* 5200	Miscellaneous Revenue	66,008	60,176
10	^ 5230	Directory Revenue	18,591	17,165
11	^ 5240	Rent Revenue	8,599	4,673
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,745	5,605
14	^ 5270	Carrier Billing and Collection Revenue	33,073	32,733
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	5,728	6,615
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,291,887	7,786,976
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	22,519	26,687
20	6120	General Support Expense	470,690	515,097
21	6210	Central Office Switching Expense	316,125	307,003
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	486,301	439,730
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,417,117	1,376,368
26	^ 6431	Aerial Wire Expense	1,416,520	1,374,512
27	^ 6441	Conduit Systems Expense	597	1,856
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	404,090	267,683
30	6540	Access Expense	52,096	45,276
31	6560	Depreciation and Amortization Expense	1,569,893	1,576,581
32	6610	Marketing	18,701	19,490
33	6620	Services	475,833	421,794
34	6710	Executive and Planning	122,733	194,066
35	6720	General and Administrative	715,136	687,779
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,071,234	5,877,554
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	595,698	291,228
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,624,955	1,618,194

^ 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	2,412,409	2,386,184
3	5080	Network Access Revenues	5,819,170	5,347,139
4	* 5100	Long Distance Message Revenue	28	92
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	28	92
9	* 5200	Miscellaneous Revenue	66,008	60,176
10	^ 5230	Directory Revenue	18,591	17,165
11	^ 5240	Rent Revenue	8,599	4,673
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,745	5,605
14	^ 5270	Carrier Billing and Collection Revenue	33,073	32,733
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	5,728	6,615
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,291,887	7,786,976
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	22,519	26,687
20	6120	General Support Expense	470,690	515,097
21	6210	Central Office Switching Expense	316,125	307,003
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	486,301	439,730
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,417,117	1,376,368
26	^ 6431	Aerial Wire Expense	1,416,520	1,374,512
27	^ 6441	Conduit Systems Expense	597	1,856
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	404,090	267,683
30	6540	Access Expense	52,096	45,276
31	6560	Depreciation and Amortization Expense	1,569,893	1,576,581
32	6610	Marketing	18,701	19,490
33	6620	Services	475,833	421,794
34	6710	Executive and Planning	122,733	194,066
35	6720	General and Administrative	715,136	687,779
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,071,234	5,877,554
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	595,698	291,228
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,624,955	1,618,194

^ 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	2,412,409	2,386,184
3	5080	Network Access Revenues	5,819,170	5,347,139
4	* 5100	Long Distance Message Revenue	28	92
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	28	92
9	* 5200	Miscellaneous Revenue	66,008	60,176
10	^ 5230	Directory Revenue	18,591	17,165
11	^ 5240	Rent Revenue	8,599	4,673
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,745	5,605
14	^ 5270	Carrier Billing and Collection Revenue	33,073	32,733
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	5,728	6,615
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,291,887	7,786,976
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	22,519	26,687
20	6120	General Support Expense	470,690	515,097
21	6210	Central Office Switching Expense	316,125	307,003
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	486,301	439,730
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,417,117	1,376,368
26	^ 6431	Aerial Wire Expense	1,416,520	1,374,512
27	^ 6441	Conduit Systems Expense	597	1,856
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	404,090	267,683
30	6540	Access Expense	52,096	45,276
31	6560	Depreciation and Amortization Expense	1,569,893	1,576,581
32	6610	Marketing	18,701	19,490
33	6620	Services	475,833	421,794
34	6710	Executive and Planning	122,733	194,066
35	6720	General and Administrative	715,136	687,779
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,071,234	5,877,554
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	595,698	291,228
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,624,955	1,618,194

^ 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	26692529	26084344
2	3100	Accumulated Depreciation	18112994	16709893
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	920785	960300
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	9500320	10334751

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	26692529	26084344
2	3100	Accumulated Depreciation	18112994	16709893
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	920785	960300
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	9500320	10334751

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	26692529	26084344
2	3100	Accumulated Depreciation	18112994	16709893
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	920785	960300
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	9500320	10334751

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		
4	Reconciliation Adjustments:		
5	Depreciation & Amortization		
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net		
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net		
11	Change in Materials, Supplies & Inventories - Net		
12	Change in Operating Payables & Accrued Liabilities - Net		
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net		
15	Other (explained on back of this page)		
16	Total Adjustments		
17	Net Cash Provided by/(Used in) Operating Activities		
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)		
25	Net Cash Provided by/(Used in) Investing Activities		
26	Cash Flows from Financing Activities:		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid		
36	Other Financing Activities (explained on back of this page)		
37	Net Cash Provided by Financing Activities		
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		
40	Cash & Cash Equivalents at Beginning of Period		30366213
41	Cash & Cash Equivalents at End of Period		32043759

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. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	Nemont Communication				21745					24433813	
2	Nemont Telephone				1240						
3	MVC				660						
4	Sagebrush				3377				6822		
5	NRUCFC	2655070									
6	AT&T				25229						
7	QWEST				637						
8	NCRPC				1351						
9	NECA				305567						
10	Misc LD Carriers				72710						
11	RTFC										159109
12	RUS Stock										327168
13	Capital Credits										299155
14	MISC Memberships										1074
15	NCRPC Stock										10000
16	Raymond James Security										44466
17											
18											
19											
20											
21											
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23											
24											
25											
26											
27											
28											
29											
30	Totals	2655070			432516				6822	24433813	840972

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	3043197	103958			3147155		3147155
2	^ 2111	Land	94882				94882		94882
3	^ 2112	Motor Vehicles	707433	6900			714333	444226	270107
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	2054				2054	712	1342
6	^ 2115	Garage Work Equipment	2113				2113	1310	803
7	^ 2116	Other Work Equipment	573766	74111			647877	464184	183693
8	^ 2121	Buildings	1611392	18409			1629801	796447	833354
9	^ 2122	Furniture	7305				7305	6678	627
10	^ 2123	Office Equipment	44252	4538			48790	45648	3142
11	^ 2124	General Purpose Computers							
12	2211	Analog Electronic Switching							
13	2212	Digital Electronic Switching							
14	2215	Electro-Mechanical Switching	4884749	133444	52791		4965402	4117920	847482
15	2220	Operator Systems							
16	2231	Radio Systems	263898	2533			266431	73451	192980
17	2232	Circuit Equipment	4167409	296683	52236		4411856	1789696	2622160
18	* 2310	Information Orig & Term Equip	12487				12487	12487	
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	12487				12487	12487	
24	2411	Poles	116289				65148	65148	
25	* 2420	Cable and Wire Facilities	14482685	322441			14739010		14739010
26	^ 2421	Aerial Cable	162666	13943			175161	142506	32655
27	^ 2422	Underground Cable	140450	12922			153372	43233	110139
28	^ 2423	Buried Cable	14139366	295576			14370274	7133944	7236330
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable	40203				40203	36783	3420
32	2431	Aerial Wire	3748				3748	3748	
33	2441	Conduit Systems	441645	27360	605		468400	100901	367499
34		Totals	27416107	886419	222889		28079637	15279022	12800615

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

Average Cost of Long Term Debt

Year: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	TELEPHONE PLANT RUS											
2		1957	Feb-92	50000	50000	50000						
3	NOTE NO											
4		2010	Mar-93	175000	175000	175000						
5		1958	Jul-93	55000	55000	55000						
6		2020	Nov-94	25660	25660	25660						
7		1958	Nov-94	12849	12849	12849						
8		2030	Nov-94	10491	10491	10491						
9		1959	Nov-09	1085000	1085000	1085000		245841		13523		
10		2041	Jul-11	320000	320000	320000		70334		1515		
11		2042	Jul-11	85000	85000	85000		39018		806		
12		12050	Nov-13	571000	571000	571000		244919		12797		
13		12060	Oct-18	2170000	2170000	2170000		1237511		63729		
14		12062	Oct-18	3019000	3019000	3019000		1776414		91470		
15		12071	Oct-18	1376000	1376000	1376000		846421		43576		
16		12080	Oct-18	511000	511000	511000		391880		19921		
17		12090										
18		12091										
19		12092										
20	INTEREST ON PREPAYMENTS											
21												
22	PREPAYMENTS - DR.									-456		
23												
24	TELE PLANT RUS	1984		3255000	3202500	3202500		1792981		122517		
25												
26	TELEPHONE PLANT RTFC			8886287	8886287	8441973		2486204		167312		
27												
28												
29												
30	Total			21607287	21554787	21110473	97.70	9131523		536710		5.88%

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

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:								
2									
3	N/A								
4									
5									
6									
7									
8	Month by Month Data:								
9	January								
10	February								
11	March								
12	April								
13	May								
14	June								
15	July								
16	August								
17	September								
18	October								
19	November								
20	December								
21									
22									
23									

Capital Stock and Funded Debt Reacquired or Retired During the Year

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

Total Company Expense Matrix

Year:2005

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	12944	7701	16868	166213	-181207	22519
2	^	Motor Vehicle Expense	11331	6730	9384	146778	-166364	7859
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense	1613	971	7484	19435	-14843	14660
5	^	Garage Work Equipment Expense	72814	40520	262892	98940		475166
6	^	Other Work Equipment Expense	54440	28429	214928	77320		375117
7	*	General Support Expense				866		8042
8	^	Land and Building Expense				9709		24795
9	^	Furniture and Artworks Expense	204	122	14760			67212
10	^	Office Equipment Expense	18170	11969	26028	11045		320384
11	^	General Purpose Computers Expense	147735	85596		87053		
12	*	Central Office Switching Expense						
13	^	Analog Electronic Expense	147735	85596		87053		320384
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	76976	47915	149748	226796		501435
18	^	Radio Systems Expense	6255	3868	900	4691		15714
19	^	Circuit Equipment Expense	70721	44047	148848	222105		485721
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	419603	267154	578869	188643		1454269
25	*	Cable and Wire Facilities Expense						
26	^	Poles Expense						
27	^	Aerial Cable Expense	24117	15575	3277	26233		29510
28	^	Underground Cable Expense				17679		57371
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense	395486	251579	575592	144134		1366791
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	730,072	448,886	1,008,377	767,048	(181,207)	2773176

^ Subaccount of the account marked with a *.

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)
35	^	6441 Conduit Systems Expense				597		597
36		6510 Other Property Expenses	14201	7386		2481	-24068	
37	*	6530 Network Operations Expense	212310	136845		145442	-74194	420403
38	^	6531 Power Expense				55768		55768
39	^	6532 Network Administration Expense				2551		2551
40	^	6533 Testing Expense	17419	13048		1354		31821
41	^	6534 Plant Operations Expense	130050	82033		17245	-48852	180476
42	^	6535 Engineering Expense	64841	41764		68524	-25342	149787
43		6540 Access Expense				54403		54403
44		6561 Depreciation - Telecomm. Plant in Service				1357304		1357304
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	7498	4807		270571		270571
50	^	6611 Product Management				7224		19529
51	^	6612 Sales				2109		2109
52	^	6613 Product Advertising	7498	4807		5115		17420
53		6621 Call Completion Services				982		982
54		6622 Number Services	3502	2566		4872		10940
55		6623 Customer Services	153853	117483		206502		477838
56		6711 Executive	47834	21329		59005		128168
57		6712 Planning						
58		6721 Accounting and Finance	90122	56110		104755		250987
59		6722 External Relations	60741	35034		102687		198462
60		6723 Human Relations	12020	8803		15374		36197
61		6724 Information Management						
62		6725 Legal				10788		10788
63		6726 Procurement						
64		6727 Research and Development						
65		6728 Other General and Administrative	53263	33580		163525		250368
66		6790 Provision for Uncollectible Notes Receivable						
67		Totals	1,385,416	872,829	1,008,377	3,273,560	(279,469)	6260713

^ Subaccount of the account marked with a *.

Total State 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)
1	*	Network Support Expense	12944	7701	16868	166213	-181207	22519
2	^	Motor Vehicle Expense	11331	6730	9384	146778	-166364	7859
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense	1613	971	7484	19435	-14843	14660
7	*	General Support Expense	72814	40520	262892	94463		470689
8	^	Land and Building Expense	54440	28429	214928	77086		374883
9	^	Furniture and Artworks Expense			7176	525		7701
10	^	Office Equipment Expense	204	122	14760	8657		23743
11	^	General Purpose Computers Expense	18170	11969	26028	8195		64362
12	*	Central Office Switching Expense	145283	84268		86574		316125
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	68252	42925	149748	225376		486301
18	^	Radio Systems Expense	2653	1506	900	4285		9344
19	^	Circuit Equipment Expense	65599	41419	148848	221091		476957
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	24117	15575	578869	183929		762798
28	^	Underground Cable Expense			3277	26233		29510
29	^	Buried Cable Expense				17679		57371
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense	374725	239902	575592	139420		1329639
33	^	Aerial Wire Expense						
34		Subtotals	698,135	430,891	1,008,377	755,958	(181,207)	2712154

^ 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	6441	Conduit Systems Expense				597		597
36	6510	Other Property Expenses	14201	7386		2481	-24068	
37	6530	Network Operations Expense	212310	136845		129129	-74194	404090
38	6531	Power Expense				53459		53459
39	6532	Network Administration Expense				2551		2551
40	6533	Testing Expense	17419	13048		1354		31821
41	6534	Plant Operations Expense	130050	82033		9592	-48852	172823
42	6535	Engineering Expense	64841	41764		62173	-25342	143436
43	6540	Access Expense				52096		52096
44	6561	Depreciation - Telecomm. Plant in Service				1299323		1299323
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other				270571		270571
49	6610	Marketing	7498	4807		6396		18701
50	6611	Product Management						
51	6612	Sales				2020		2020
52	6613	Product Advertising	7498	4807		4376		16681
53	6621	Call Completion Services				941		941
54	6622	Number Services	3502	2566		4408		10476
55	6623	Customer Services	153853	117483		193080		464416
56	6711	Executive	47834	21329		53572		122735
57	6712	Planning						
58	6721	Accounting and Finance	90122	56110		94112		240344
59	6722	External Relations	60741	35034		94272		190047
60	6723	Human Relations	12020	8803		13839		34662
61	6724	Information Management						
62	6725	Legal				10330		10330
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative				152908		239751
66	6790	Provision for Uncollectible Notes Receivable	53263	33580				
67		Totals	1,353,479	854,834	1,008,377	3,134,013	(279,469)	6071234

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2005

1	Plan Name NTCA SAVINGS PLAN			
2	Defined Benefit Plan? _____	Defined Contribution Plan? <u> X </u>		
3	Actuarial Cost Method? <u> 12% OF W-2 WAGES </u>	IRS Code: _____		
4	Annual Contribution by Employer: _____	Is the Plan Over Funded? <u> NO </u>		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	N/A		#VALUE!
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	1355236	1071124	-20.96%
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution	140328	144784	3.18%
21	Plan participants' contributions	142442	139328	-2.19%
22	Benefits paid			
23	Fair value of plan assets at end of year	1638006	1355236	-17.26%
24	Funded Status			
25	Unrecognized net actuarial loss	1638006	1355236	-17.26%
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	1638006	1355236	-17.26%
28				
29	Weighted-average Assumptions as of Year End		N/A	
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs	N/A		
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:		N/A	
43	Pension Costs			#VALUE!
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:			
47	Covered by the Plan	21	20	-4.76%
48	Not Covered by the Plan	2	4	100.00%
49	Active	21	20	-4.76%
50	Retired			
51	Deferred Vested Terminated			

Other Post Employment Benefits (OPEBS)

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

Other Post Employment Benefits (OPEBS) Continued

Year: 2005

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:	N/A	N/A	
2	Covered by the Plan			
3	Not Covered by the Plan			
4	Active			
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation	N/A	N/A	
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	N/A		
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	N/A		#VALUE!
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Cccosts	N/A		
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	N/A		
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:	N/A		
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

Payments for Services to Persons Other Than Employees

Year: 2005

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1					
2	NISC	DATA SERVICES	153196	153196	153196
3	MITS(MT INDP TELE SERVICES)	LEGAL SERVICES	60333	60333	60333
4	ASSOC. LEGAL GROUP	LEGAL SERVICES	5810	5810	5810
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total		219339	219339	219339

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	8284298	77.93%	8518147	79.48%
3	Interstate, IntraLATA	118703	1.12%	73884	0.69%
4	Total Interstate Usage	8403001	79.05%	8592031	80.17%
5	Intrastate, InterLATA	1416282	13.32%	1257201	11.73%
6	Intrastate, IntraLATA	811232	7.63%	867567	8.10%
7	Total Intrastate Usage	2227514	20.95%	2124768	19.83%
8	Total Toll Usage	10630515	100.00%	10716799	100.00%
9	Centrex				
10	Local				
11	Total Minutes	10630515	100.00%	10716799	100.00%

Year: 2005

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifeline Customers (f)	Residential LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	ABSAROKEE	UD/DIG	1325			10		330				19		1674
2	BELFRY	UD/DIG	199			6		53				4		256
3	CLARK	RSU	245			1		44				1		290
4	CROW AGENCY	UD/DIG	538			364		450				7		995
5	FORT SMITH	RSU	220			41		94				2		316
6	HUNTLEY	RSU	492			5		91				3		586
7	LODGE GRASS	RSU	521			283		75				2		598
8	POMPEYS PILLAR	RSU	86					26				2		114
9	SOUTH WYOLA	RSU						1						1
10	WORDEN	UD/DIG	807			17		179				17		1003
11	WYOLA	RSU	109			52		18				1		128
33	Total		4542			779		1361				58		5961

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	ABSAROKEE	HOST	DIGITAL	NTI	DMS10-SS	1,549	1985
2	BELFRY	HOST	DIGITAL	NTI	DMS10-SS	381	1985
3	CLARK	REMOTE	DIGITAL	NTI	RSLE	354	1996
4	CROW AGENCY	HOST	DIGITAL	NTI	DMS10-SS	1,053	1994
5	FORT SMITH	REMOTE	DIGITAL	NTI	RSLE	387	1994
6	HUNTLEY	REMOTE	DIGITAL	NTI	RSLE	575	1996
7	LODGE GRASS	REMOTE	DIGITAL	NTI	RSLE	649	1994
8	WORDEN	HOST	DIGITAL	NTI	DMS10-SS	1,471	1985
9	WYOLA	REMOTE	DIGITAL	NTI	RSLE	171	1994
10	NYE	REMOTE	DIGITAL	NTI	RSLE	335	1985
11	BEEHIVE	REMOTE	DIGITAL	NTI	RSLE	153	1985
12	ROSCOE	REMOTE	DIGITAL	NTI	RSLE	251	1996
13	DEAN	REMOTE	DIGITAL	NTI	RSLE	160	1996
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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	DIGITAL SWITCHING	335000
4		
5	CIRCUIT EQUIPMENT	114000
6		
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26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	449000
29	Total Central Office Budget (Total of Line 27 & Line 28)	449000
30	Other Projects over \$500,000:	
31		
32	UNDERGROUND CABLE & CONDUIT SYSTEMS	411000
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	411000
43	Total Construction Budget (Total of Lines 29, 41 & 42)	860000

Montana Total State Construction Expenditures

Line No.	FCC Part 32 Account No. (a)	Description (b)	This Year (c)	Last Year (d)	Percent Change (e)
1	2110	General Support Assets	103958	76122	36.57%
2	2210	Central Office Assets	133149	154885	-14.03%
3	2220	Operator Systems	0	0	
4	2230	Central Office Transmission	271797	245397	10.76%
5	2310	Information/Termination Assets	0	0	
6	2410	Cable and Wire Facilities Assets	311866	990537	-68.52%
7	2680	Amortizable Tangible Assets	0	0	
8	2690	Intangibles	0	0	
9		Total Construction Expenditures	820770	1466941	-44.05%

Montana Employee Counts

Year: 2005

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1			
2	Central Office Technician	3	3
3	Combination Technician	7	8
4	Construction Tech	4	3
5	Custodian	3	3
6	Customer Service Rep	2	3
7	Right of Way Clerk	1	1
8	Plant Supervisor	1	1
9	Engineer	1	1
10	Dist. Supervisor	1	
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43	Totals (Sum of Lines 1 through 42)	23	23

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

Compensation of Top 5 Corporate Employees - SEC Information

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

Montana Composite Statistics

Year: 2005

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	26692529
3	2003 - 2004	Construction Work in Progress	664387
4	2005	Plant Acquisition Adjustments	4377116
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	920785
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-18112994
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	14541823
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	8291887
13	6560	Depreciation & Amortization Expenses	1569894
14		Federal & State Income Taxes	389332
15		Other Taxes	206365
16		Other Operating Expenses	4501341
17		TOTAL Operating Expenses	6666932
18		Net Operating Income	1624955
19		Other Income	1655346
20		Other Deductions	517448
21		NET INCOME	2762853
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	4297
24		Business Access Lines	1316
25		PBX Access Lines	
26		Other Access Lines	57
27		Total Number of Access Lines	5670
28		Average Number of Calls Per Access Line	
29		Local Calls	827
30		Toll Calls (Intra- or Interstate)	1020
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)	1847
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	44
34		Gross Plant Investment per Access Line	5596.83

Amortization - Montana Intrastate Regulated

Year: 2005

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	3600.01	ACQUISITION ADJUSTMENT	6.7%	270,571
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36	<p>Please list the Montana Public Service Commission Docket Order No. approving these amortization rates</p> <p>Docket Number <u> N/A </u> Order Number <u> </u></p>			
37				
38				
39				
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 _____			
2	Order Number _____			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
Actual at Year End				
12	Common Equity	77.90%	8.600%	6.699%
13	Preferred Stock			
14	Long Term Debt	22.10%	28.300%	6.254%
15	Other			
16	Total	100.00%		12.954%

Network Access - Charges and Revenues

Year: 2005

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3067540
2			
3	Montana - Intrastate		3067540
4			
5	Montana - Intrastate Regulated		3067540
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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	NEMONT COMMUNICATIONS	COMPUTER LEASE	LEASE AGREEMENT	26,028	0.3%	
2	NEMONT TELEPHONE	MANAGEMENT LEASE	LEASE AGREEMENT	973,430	6.1%	
3	NEMONT COMMUNICATIONS	BUILDING LEASE	LEASE AGREEMENT	214,928	2.3%	
4	NEMONT COMMUNICATIONS	OTHER OFFICE & EQUIP	LEASE AGREEMENT	35,303	0.4%	
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30	TOTAL			\$1,249,689		

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	NCI	WAGES & LABOR	COST	71,539	0.8%	
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30	TOTAL			\$71,539		

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	31,734,032	30,738,153	3.24%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(18,112,994)	(16,709,893)	-8.40%
5	Plant in Service	13,621,038	14,028,260	-2.90%
6				
7	Additions			
8	1220 Materials & Supplies	920,785	960,300	-4.11%
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions	920,785	960,300	-4.11%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits	3,442	3,442	
16	4340 Noncurrent Deferred Operating Income Taxes	2,401,918	2,477,726	-3.06%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	2,405,360	2,481,168	-3.06%
20	TOTAL Rate Base	12,136,463	12,507,392	-2.97%
21				
22	Net Earnings	2,762,853	3,817,120	-27.62%
23				
24	Rate of Return on Average Rate Base	22.760%	30.510%	-25.40%
25				
26	Rate of Return on Average Equity	8.600%	12.570%	-31.58%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
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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

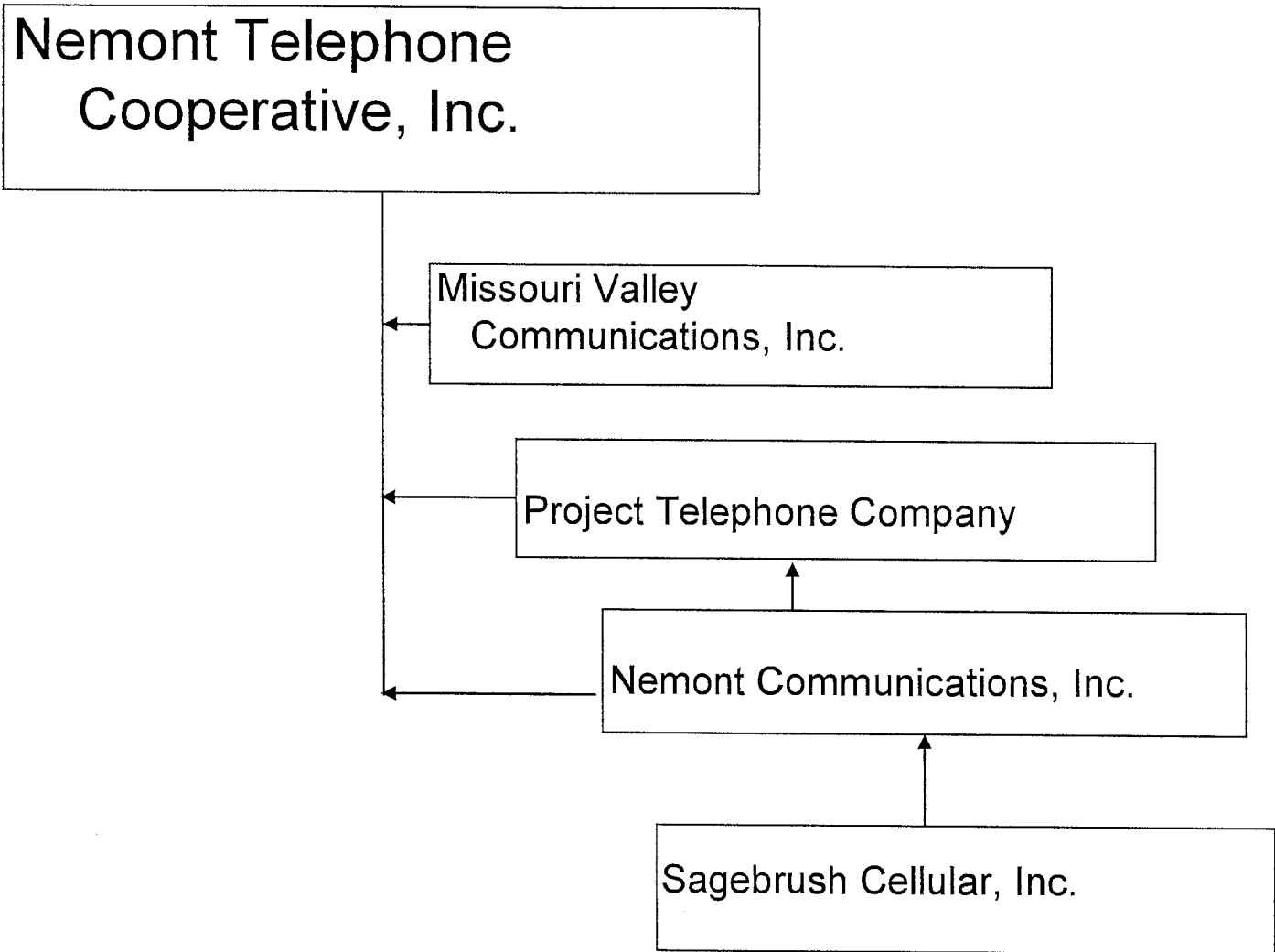
Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax		
2	Montana Public Service Commission Tax	9007	8439
3	Montana Consumer Counsel Tax	3511	3562
4	911 Emergency Telephone Fee	33566	33403
5	Montana Telecommunications Access Service (TDD)	6714	6681
6	Montana Corporate License Tax	15	15
7	Personal Property Tax		
8	Real Property Tax	208778	194364
9			
10			
11			
12	Total	261591	246464

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Universal Service Funds Received

Year: 2005

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	1546848	1459044
14	Funds received from Federal Sources	56305	65398
15			
16			
17			
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23			
24	Total	1603153	1524442



Nemont Telephone Cooperative, Inc. has authority to operate in the state of Montana and the right to use the name "Nemont". In 2006 Project Telephone Company will seek a franchise agreement with Nemont Telephone Cooperative, Inc. to market Project's services in Montana as "Nemont".