

YEAR ENDING 2006

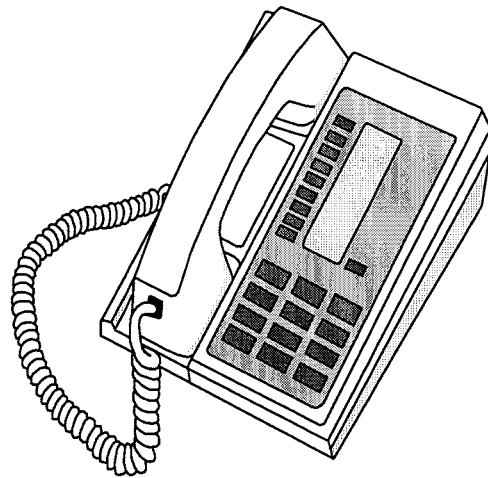
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PUBLIC SERVICE
COMMISSION

ANNUAL REPORT
OF
Citizens Communications

TELEPHONE UTILITY



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

General Information

Year: 2006

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:	Joe DeMasi
5a.	Telephone Number:	203 - 614 - 5020
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	Donald R Shassian	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	Daniel J McCarthy	None
8	3 High Ridge Park, Stamford, Connecticut 06905	
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18	Chairman of the Board:	
19	Mary A. Wilderotter	
20		

Officers

Year: 2006

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		Daniel J McCarthy
3	Vice President		John H Casey III
4	VP & Treasurer		Donald B. Armor
5	V.P. & C.F.O.		Donald R Shassian
6	V.P Engeneering		Michael Golob
7	V.P. General Counsel & Sec'ty		Hilary Glasman
8	V.P. & CAO		Robet Larson
9	VP, Regulatory		Ann Burr
10	Assistant Secretary		Gregg C. Sayre
11	Assistant Secretary		David G Schwartz
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Total Company Balance Sheet

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	8,110	8,329
3	1180	Telecommunications Accounts Receivable - Net	421,538	425,532
4	1190	Other Accounts Receivable - Net	297,112	389,065
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	15,740	22,212
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	742,500	845,138
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	(5,247,194)	(7,939,670)
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	3,220	3,714
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	(5,243,974)	(7,935,957)
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	28,567,035	27,913,786
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	200,360	343,212
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	(18,227,365)	(16,754,317)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(8,362,336)	(7,930,449)
39		Net Property, Plant, & Equipment	16,797,661	18,192,199
40		TOTAL ASSETS	12,296,187	11,101,381

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	53,030	49,404
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	125,341	125,341
45	4040	Customer Deposits	(8,433)	(5,466)
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	237,475	222,244
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	15,522	15,199
53	4130	Other Current Liabilities		
54		Total Current Liabilities	422,935	406,723
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	4,871,852	4,908,749
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	110,353	54,790
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	4,982,205	4,963,539
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	6,890,047	5,730,119
79		Total Stockholders' Equity	6,891,047	5,731,119
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	12,296,187	11,101,380

Total Company Income Statement

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,280,943	2,220,742
3	5080	Network Access Revenues	3,827,541	3,979,439
4	* 5100	Long Distance Message Revenue	1,275	3,864
5	^ 5110	Unidirectional Long Distance Revenue	1,275	3,864
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	145,033	141,172
10	^ 5230	Directory Revenue	27,430	25,805
11	^ 5240	Rent Revenue	14,533	9,800
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	13,027	18,783
14	^ 5270	Carrier Billing and Collection Revenue	90,043	86,784
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	23,901	11,797
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	6,230,891	6,333,420
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	0	1
20	6120	General Support Expense	315,146	395,771
21	6210	Central Office Switching Expense	110,662	107,042
22	6220	Operator Systems Expense	2,291	617
23	6230	Central Office Transmission Expense	132,172	116,995
24	6310	Information Origination/Termination Expense	23,410	16,851
25	* 6410	Cable and Wire Facilities Expense	334,942	274,882
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(4)	1
29	6530	Network Operations Expense	399,692	411,681
30	6540	Access Expense	217,440	159,089
31	6560	Depreciation and Amortization Expense	1,964,663	1,935,404
32	6610	Marketing	170,557	133,993
33	6620	Services	378,328	333,874
34	6710	Executive and Planning	65,861	70,880
35	6720	General and Administrative	251,055	302,990
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	4,366,214	4,260,072
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,119,271	1,076,198
40		Net Operating Income (L.17-L.37+L.38-L.39)	745,406	997,150
41	7300	Nonoperating Income and Expense	(261)	1,089
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	375	296
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(415,158)	(89,968)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	1,159,928	1,087,911

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:	Same as Schedule 4	
2	5000	Basic Local Service Revenues		
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)		
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)		

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,280,943	2,220,742
3	5080	Network Access Revenues	1,196,600	1,461,183
4	* 5100	Long Distance Message Revenue	1,275	3,864
5	^ 5110	Unidirectional Long Distance Revenue	1,275	3,864
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	88,617	87,398
10	^ 5230	Directory Revenue	27,430	25,805
11	^ 5240	Rent Revenue	14,533	9,800
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	13,027	18,783
14	^ 5270	Carrier Billing and Collection Revenue	33,627	33,010
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	23,901	11,797
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	3,543,534	3,761,390
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	0	1
20	6120	General Support Expense	204,057	256,658
21	6210	Central Office Switching Expense	71,654	69,417
22	6220	Operator Systems Expense	1,484	400
23	6230	Central Office Transmission Expense	85,582	75,872
24	6310	Information Origination/Termination Expense	15,158	10,928
25	* 6410	Cable and Wire Facilities Expense	216,875	178,261
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(3)	1
29	6530	Network Operations Expense	260,119	240,668
30	6540	Access Expense	201,545	37,306
31	6560	Depreciation and Amortization Expense	1,278,406	1,253,174
32	6610	Marketing	100,918	79,284
33	6620	Services	271,829	246,666
34	6710	Executive and Planning	44,048	47,532
35	6720	General and Administrative	167,906	203,185
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	2,919,577	2,699,353
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	728,422	696,408
40		Net Operating Income (L.17-L.37+L.38-L.39)	(104,465)	365,630

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,280,943	2,220,742
3	5080	Network Access Revenues	1,196,600	1,461,183
4	* 5100	Long Distance Message Revenue	1,275	3,864
5	^ 5110	Unidirectional Long Distance Revenue	1,275	3,864
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	88,617	87,398
10	^ 5230	Directory Revenue	27,430	25,805
11	^ 5240	Rent Revenue	14,533	9,800
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	13,027	18,783
14	^ 5270	Carrier Billing and Collection Revenue	33,627	33,010
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	23,901	11,797
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	3,543,534	3,761,390
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	0	1
20	6120	General Support Expense	183,866	226,659
21	6210	Central Office Switching Expense	71,654	69,412
22	6220	Operator Systems Expense	1,484	400
23	6230	Central Office Transmission Expense	81,478	74,183
24	6310	Information Origination/Termination Expense	1,641	1,518
25	* 6410	Cable and Wire Facilities Expense	216,875	178,261
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(3)	1
29	6530	Network Operations Expense	246,292	231,028
30	6540	Access Expense	199,640	37,306
31	6560	Depreciation and Amortization Expense	1,259,262	1,231,407
32	6610	Marketing	41,117	43,036
33	6620	Services	225,124	198,106
34	6710	Executive and Planning	39,946	43,538
35	6720	General and Administrative	152,778	189,234
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	2,721,154	2,524,089
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	690,266	716,134
40		Net Operating Income (L.17-L.37+L.38-L.39)	132,114	521,168

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	28,240,410	27,561,519
2	3100	Accumulated Depreciation	17,490,841	16,037,830
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	18,976	24,634
6	4340	Noncurrent Deferred Operating Income Taxes	4,890,300	4,816,938
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)	5,878,245	6,731,384

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	18,378,859	17,835,059
2	3100	Accumulated Depreciation	11,556,199	10,365,250
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	14,059	18,251
6	4340	Noncurrent Deferred Operating Income Taxes	2,086,202	2,014,444
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)	4,750,518	5,473,617

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	18,011,282	17,496,193
2	3100	Accumulated Depreciation	11,270,761	10,101,972
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	13,778	17,905
6	4340	Noncurrent Deferred Operating Income Taxes	1,801,436	1,739,472
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)	4,952,864	5,672,653

Statement of Cash Flows

Year: 2006

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		1,159,928
4	Reconciliation Adjustments:	1,904,934	
5	Depreciation & Amortization		
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	(36,897)	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	95,947	
11	Change in Materials, Supplies & Inventories - Net	6,472	
12	Change in Operating Payables & Accrued Liabilities - Net	16,213	
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net	55,563	
15	Other (explained on back of this page)		
16	Total Adjustments		2,042,232
17	Net Cash Provided by/(Used in) Operating Activities		3,202,160
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(510,396)	
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates	(2,691,983)	
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		(3,202,379)
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		(219)
40	Cash & Cash Equivalents at Beginning of Period		8,329
41	Cash & Cash Equivalents at End of Period		8,110

Year: 2006

Receivables and Investments-Affiliated & Nonaffiliated Companies

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		436,432	(14,894)	455,518	(158,406)				(5,247,194)	
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30	Totals		436,432	(14,894)	455,518	(158,406)				(5,247,194)	

Year: 2006

Net Plant in Service - Detail

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	2,442,181	84,927		(21,330)	2,505,778	1,291,332	1,214,446
2	^ 2111	Land	76,722				76,722		76,722
3	^ 2112	Motor Vehicles	270,183	73,441		(21,328)	322,296	139,244	183,052
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	213,018			(1)	213,017	87,512	125,505
8	^ 2121	Buildings	1,723,943	11,486		(1)	1,735,428	940,637	794,791
9	^ 2122	Furniture	4,208				4,208	(2,987)	7,195
10	^ 2123	Office Equipment							
11	^ 2124	General Purpose Computers	100,874				100,874	62,421	38,453
12	^ 2211	Analog Electronic Switching			(10,649)				
13	^ 2212	Digital Electronic Switching							
14	^ 2215	Electro-Mechanical Switching	3,916,113	3,040		(1)	3,908,503	1,836,524	2,071,979
15	^ 2220	Operator Systems							
16	^ 2231	Radio Systems	1,460,923	10,404			1,442,954	1,468,281	(25,327)
17	^ 2232	Circuit Equipment	4,495,462	179,177		(1)	4,669,705	3,399,730	1,269,975
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	592,625	25,027		1	616,213	527,680	88,533
25	* 2420	Cable and Wire Facilities	14,660,766	430,994		(1)	15,078,161	9,348,061	5,730,100
26	^ 2421	Aerial Cable	2,727,550	133,509			2,855,838	2,671,724	184,114
27	^ 2422	Underground Cable	163,692				163,692	95,582	68,110
28	^ 2423	Buried Cable	11,769,524	297,485		(1)	12,058,631	6,580,755	5,477,876
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	65,733	82,995
34		Totals	27,913,789	733,569	(58,993)	(21,332)	28,567,033	18,220,534	10,346,499

^ Subaccount of the account marked with a *

Analysis of Plant Held for Future Use

Year: 2006

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: 2006

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: 2006

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)											

Analysis of Common Stock Year: 2006

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: 2006

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

Year:2006

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		(2)		2		0
2	^	Motor Vehicle Expense		(2)		2		(1)
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense				1		1
7	*	General Support Expense	25,492	5,928	26,809	256,916		315,146
8	^	Land and Building Expense	6,030	1,417	16,668	106,905		131,019
9	^	Furniture and Artworks Expense				3,842		3,842
10	^	Office Equipment Expense			10,141	5,186		15,327
11	^	General Purpose Computers Expense	19,462	4,511		140,984		164,958
12	*	Central Office Switching Expense	47,310	10,182		53,170		110,662
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense	47,310	10,182		53,170		110,662
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense				2,291		2,291
17	*	Central Office Transmission Expense	92,518	20,430		19,224		132,172
18	^	Radio Systems Expense	18,339	3,937		5,218		27,493
19	^	Circuit Equipment Expense	74,179	16,494		14,007		104,679
20	*	Information Origination/Termination Expense	17,234	3,682		2,493		23,410
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense	17,234	3,682		2,493		23,410
25	*	Cable and Wire Facilities Expense	129,207	27,452	47,400	130,884		334,942
26	^	Poles Expense	10	2	47,400	2,844		50,256
27	^	Aerial Cable Expense	67,942	14,433		14,601		96,976
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense	61,255	13,016		113,439		187,710
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	311,761	67,672	74,209	464,982		918,623

^ Subaccount of the account marked with a *

Total Company Expense Matrix

Year: 2006

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		(4)				(4)
36	6510	Other Property Expenses						
37	*	Network Operations Expense	213,794	51,241		134,656		399,692
38	^	Power Expense				42,193		42,193
39	^	Network Administration Expense	98,066	25,872		49,596		173,534
40	^	Testing Expense	4,654	1,224		14,287		20,165
41	^	Plant Operations Expense	75,319	15,924		10,838		102,081
42	^	Engineering Expense	35,756	8,221		17,742		61,719
43	6540	Access Expense				217,440		217,440
44	6561	Depreciation - Telecomm. Plant in Service				1,532,776		1,532,776
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	60,601	11,652		98,304		170,557
50	^	Product Management	14,246	3,025		10,020		27,291
51	^	Sales	45,493	8,572		20,527		74,592
52	^	Product Advertising	862	55		67,757		68,674
53	6621	Call Completion Services	12,022	2,977		610		15,610
54	6622	Number Services	1,948	480		1,658		4,086
55	6623	Customer Services	260,628	58,942		39,062		358,632
56	6711	Executive	25,525	26,866		13,053		65,444
57	6712	Planning				417		417
58	6721	Accounting and Finance	49,048	9,873		15,426		74,348
59	6722	External Relations	15,832	3,608		14,315		33,756
60	6723	Human Relations	18,218	3,129		8,576		29,923
61	6724	Information Management	32,559	10,300		3,588		46,446
62	6725	Legal	5,596	674		1,745		8,015
63	6726	Procurement	2,542	469		(1,003)		2,008
64	6727	Research and Development						
65	6728	Other General and Administrative	5,200	3,670	8,246	39,444		56,561
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	1,015,275	251,548	82,456	3,016,937		4,366,216

^ 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	^	Land and Building Expense						
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense						
12	*	Central Office Switching Expense						
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense						
18	^	Radio Systems Expense						
19	^	Circuit Equipment Expense						
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense						
26	^	Poles Expense						
27	^	Aerial Cable Expense						
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals						

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	6441	Conduit Systems Expense						
36	6510	Other Property Expenses						
37	6530	Network Operations Expense						
38	6531	Power Expense						
39	6532	Network Administration Expense						
40	6533	Testing Expense						
41	6534	Plant Operations Expense						
42	6535	Engineering Expense						
43	6540	Access Expense						
44	6561	Depreciation - Telecomm. Plant in Service						
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	6610	Marketing						
50	6611	Product Management						
51	6612	Sales						
52	6613	Product Advertising						
53	6621	Call Completion Services						
54	6622	Number Services						
55	6623	Customer Services						
56	6711	Executive						
57	6712	Planning						
58	6721	Accounting and Finance						
59	6722	External Relations						
60	6723	Human Relations						
61	6724	Information Management						
62	6725	Legal						
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative						
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals						

^ Subaccount of the account marked with a *

Pension Costs

Year: 2006

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	842,602,000	799,458,000	5.40%
8	Service cost	6,811,000	6,117,000	11.35%
9	Interest Cost	45,215,000	46,416,000	-2.59%
10	Plan participants' contributions			
11	Amendments			
12	Actuarial (Gain)/ Loss	(46,597,000)	48,750,000	-195.58%
13	Benefits paid	(69,005,000)	(58,139,000)	18.69%
14	Special Termination Benefits and Other	1,693,000		
15	Benefit obligation at end of year	780,719,000	842,602,000	-7.34%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	762,225,000	761,168,000	0.14%
18	Actual return on plan assets	76,962,000	59,196,000	30.01%
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid	(69,005,000)	(58,139,000)	18.69%
23	Fair value of plan assets at end of year	770,182,000	762,225,000	1.04%
24	Funded Status	(10,537,000)	(80,377,000)	-86.89%
25	Unrecognized net actuarial loss		223,525,000	-100.00%
26	Unrecognized prior service cost		(1,745,000)	-100.00%
27	Prepaid (accrued) benefit cost	(10,537,000)	141,403,000	-107.45%
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate	6.00%	5.625%	-6.67%
31	Expected return on plan assets	8.25%	8.25%	
32	Rate of compensation increase	4.00%	4.00%	
33	Components of Net Periodic Benefit Costs			
34	Service cost	6,811,000	6,117,000	-11.35%
35	Special Termination Charge	1,809,000		
36	Interest cost	45,215,000	46,416,000	2.59%
37	Expected return on plan assets	(60,759,000)	(60,371,000)	0.64%
38	Amortization of prior service cost	(255,000)	(244,000)	4.31%
39	Amortization of unrecognized loss	11,871,000	9,882,000	-20.13%
40	Net periodic benefit cost	4,692,000	1,800,000	-160.67%
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	9	
48	Not Covered by the Plan			
49	Active	9	9	
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	6.000%	5.625%	6.67%
8	Expected return on plan assets	8.25%	8.25%	
9	Medical Cost Inflation Rate	5-9.0%	5-9.5%	
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	160,922,000	217,380,000	-25.97%
20	Service cost	664,000	1,046,000	-36.52%
21	Interest Cost	8,974,000	12,055,000	-25.56%
22	Plan participants' contributions	1,558,000	3,461,000	-54.98%
23	Amendments		(59,798,000)	-100.00%
24	Actuarial (Gain)/ Loss	1,778,000	3,770,000	-52.84%
25	Acquisition			
26	Benefits paid	(13,965,000)	(16,992,000)	-17.81%
27	Benefit obligation at end of year	159,931,000	160,922,000	-0.62%
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year	11,424,000	15,126,000	-24.47%
30	Actual return on plan assets	445,000	397,000	12.09%
31	Acquisition			
32	Employer contribution	12,407,000	9,431,000	31.56%
33	Plan participants' contributions			
34	Benefits paid	(12,407,000)	(13,530,000)	-8.30%
35	Fair value of plan assets at end of year	11,869,000	11,424,000	3.90%
36	Funded Status	(148,062,000)	(149,498,000)	-0.96%
37	Unrecognized net actuarial loss		42,325,000	-100.00%
38	Unrecognized prior service cost		(61,161,000)	-100.00%
39	Prepaid (accrued) benefit cost	(148,062,000)	(168,334,000)	-12.04%
40	Components of Net Periodic Benefit Costs			
41	Service cost	664,000	1,046,000	-36.52%
42	Interest cost	8,974,000	12,055,000	-25.56%
43	Expected return on plan assets	(889,000)	(1,248,000)	-28.77%
44	Amortization of prior service cost	(7,589,000)	(1,255,000)	504.70%
45	Amortization of unrecognized loss	4,678,000	6,615,000	-29.28%
46	Net periodic benefit cost	5,838,000	17,213,000	-66.08%
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA	11,869,000	11,424,000	3.90%
49	Amount Funded through 401(h)			
50	Amount Funded through Other _____			
51	TOTAL	11,869,000	11,424,000	3.90%
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

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	3,844	4,401	-12.66%
3	Not Covered by the Plan			
4	Active	1,547	1,780	-13.09%
5	Retired	2,297	2,621	-12.36%
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Cccosts			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active	9	9	
54	Retired			
55	Spouses/Dependants covered by the Plan			

Payments for Services to Persons Other Than Employees

Year: 2006

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	Ted Bachta	Air Dryer Repair	402	402	402
2	Track Utilities, Inc.	Inspection Labor	103,768	103,768	103,768
3	Volt Information Sciences, Inc.	Contract Labor	11,850	11,850	11,850
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
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15					
16					
17					
18					
19					
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42					
43					
44					
45					
46					
47					
48					
49	Total		116,019	116,019	116,019

Subscriber Line Usage Data

Year: 2006

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	31,397,757	70.61%	32,996,768	67.53%
3	Interstate, IntraLATA	1,725,811	3.88%	1,884,485	3.86%
4	Total Interstate Usage	33,123,568	74.49%	34,881,253	71.38%
5	Intrastate, InterLATA	9,114,332	20.50%	9,026,551	18.47%
6	Intrastate, IntraLATA	2,226,701	5.01%	4,957,807	10.15%
7	Total Intrastate Usage	11,341,033	25.51%	13,984,358	28.62%
8	Total Toll Usage	44,464,601	100.00%	48,865,611	100.00%
9	Centrex				
10	Local				
11	Total Minutes	44,464,601	100.00%	48,865,611	100.00%

Central Office and Access Line Statistics

Year: 2006

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	3,913					1,213	179	9	31	199	99.9%	5,544
2	Troy, MT	DMS-10	1,730					280	4	5	11	69	99.9%	2,099
3	Eureka, MT	DMS-10	94					49	6	4	5	23	99.9%	181
4						445								
5	Total Company													
33	Total		5737			445		1542	189	18	47	291	2.997	7824

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

Central Office and Switch Information

Year: 2006

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

Construction Budget - Montana

Year: 2006

Line No.	Description (a)	2007 (b)
1	Central Office Assets:	
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26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	171,573
29	Total Central Office Budget (Total of Line 27 & Line 28)	171,573
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	422,580
43	Total Construction Budget (Total of Lines 29, 41 & 42)	594,153

Montana Employee Counts

Year: 2006

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

PROPRIETARY COPY

Compensation of Top 10 Montana Based Employees

Year: 2006

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	67,347	9,880	250	77,477	76,402	1.41%
2	COMMUNICATIONS TECHNICIAN	43,131	4,870	29,964	77,965	73,727	5.75%
3	COMMUNICATIONS TECHNICIAN	41,797	4,740	30,505	77,042	71,269	8.10%
4	COMMUNICATIONS TECHNICIAN	41,425	4,870	20,890	67,185	65,726	2.22%
5	COMMUNICATIONS TECHNICIAN	43,068	4,870	22,025	69,963	65,687	6.51%
6	COMMUNICATIONS TECHNICIAN	40,738	4,870	19,775	65,383	63,988	2.18%
7	COMMUNICATIONS TECHNICIAN	41,036	4,870	16,523	62,429	61,581	1.38%
8	CUSTOMER CARE REPRESENTATIVE	30,461		10,482	40,943	42,961	-4.69%
9	CUSTOMER CARE REPRESENTATIVE	29,116		10,436	39,552	42,377	-6.67%
10							
11	Totals (Sum L.1 to L.10)	378119	38970	160850	577939	563718	2.52%

NON - PROPRIETARY COPY

Compensation of Top 10 Montana Based Employees

Year: 2006

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: 2006

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	18,591
3	2003 - 2004	Construction Work in Progress	130
4	2005	Plant Acquisition Adjustments	9,515
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	12
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	17,568
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	45,816
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	3,544
13	6560	Depreciation & Amortization Expenses	1,278
14		Federal & State Income Taxes	728
15		Other Taxes	
16		Other Operating Expenses	1,641
17		TOTAL Operating Expenses	3,648
18		Net Operating Income	(104)
19		Other Income	
20		Other Deductions	
21		NET INCOME	(104)
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	5737
24		Business Access Lines	1694
25		PBX Access Lines	37
26		Other Access Lines	356
27		Total Number of Access Lines	7824
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	2,376

Depreciation - Montana Intrastate Regulated

Year: 2006

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	7.7%	12,177
2	2114	Special Purpose Vehicles	7.7%	
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	4.7%	6,488
5	2121	Buildings	2.9%	30,182
6	2122	Furniture	2.7%	91
7	2123.1	Office Support Equipment	4.9%	(646)
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	13.1%	7,539
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	6.5%	165,645
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	6.4%	
16	2232	Circuit DDS	6.7%	239,428
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment	7.2%	
21	2411	Poles	6.3%	24,907
22	2421	Aerial Cable Metallic	6.9%	124,549
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic	4.7%	5,006
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	4.8%	372,537
27	2423	Buried Cable Nonmetallic		
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic		
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire	20.9%	
33	2441	Conduit Systems	2.2%	2,129
34				
35		COMPOSITE TOTAL		
36	<p>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</p> <p>Docket Number <u> 93.7.30 </u> Order Number _____</p>			
37				
38				
39				
40				

Amortization - Montana Intrastate Regulated

Year: 2006

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

Montana Regulatory Capital Structure & Costs

Year: 2006

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number	93.3.12		
2	Order Number	5632d		
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	50.50%	-0.17%	-0.09%
13	Preferred Stock			
14	Long Term Debt	49.50%	7.67%	3.80%
15	Other			
16	Total	100.00%		3.710%

Network Access - Charges and Revenues

Year: 2006

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3,827,541
2			
3	Montana - Intrastate		1,196,600
4			
5	Montana - Intrastate Regulated		1,196,600
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Affiliate Transactions - Products & Services Provided to Utility

Year: 2006

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	118,492		118,492
2	Telecom Sector Central Services	Financial, Regulatory, G/L, A/P, P/Y, IT, Legal, Engineering, Customer Service	Fully Distributed Cost per FCC Part 64.901	628,111		628,111
3	Telecom Regional Services	Local Management	Fully Distributed Cost per FCC Part 64.901	438,181		438,181
4	Telecom Sector Central Services (Conversion)	Billing System Conversion	Fully Distributed Cost per FCC Part 64.901			
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30	TOTAL			\$1,184,785		\$1,184,785

Affiliate Transactions - Products & Services Provided by Utility Year: 2006

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)
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30	TOTAL					

Montana Intrastate Regulated Earned Rate of Return

Year: 2006

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	18,011,282	17,496,193	2.94%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(11,270,761)	(10,101,972)	-11.57%
5	Plant in Service	6,740,521	7,394,220	-8.84%
6				
7	Additions			
8	1220 Materials & Supplies	13,778	17,905	-23.05%
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions	13,778	17,905	-23.05%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	1,801,436	1,739,472	3.56%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	1,801,436	1,739,472	3.56%
20	TOTAL Rate Base	4,952,864	5,672,653	-12.69%
21				
22	Net Earnings	132,114	521,168	-74.65%
23				
24	Rate of Return on Average Rate Base	2.667%	9.187%	-70.97%
25				
26	Rate of Return on Average Equity	-2.236%	9.395%	-123.80%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30	4340 Remove Deferred Income Taxes related to Telecom	(1,324,910)	(1,334,631)	
31	Plant Adjustment (TPA)			
32				
33	Comp Tax Rate @ 39.39% w/interest expense adjustment	100,805	83,966	20.05%
34				
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41				
42				
43	Adjusted Rate of Return on Average Rate Base	3.71%	8.64%	-57.04%
44				
45	Adjusted Rate of Return on Average Equity	-0.17%	9.045%	-101.89%

Other Taxes Paid

Year: 2006

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Retail telecommunications Excise Tax	85,976	103,770
2	Montana Public Service Commission Tax	5,512	3,741
3	Montana Consumer Counsel Tax	1,610	1,007
4	911 Emergency Telephone Fee	40,999	39,743
5	Montana Telecommunications Access Service (TDD)		
6	Real Property Tax	382,800	402,740
7			
8			
9			
10			
11			
12	Total	516,897	551,001

SCHEDULE 37

Universal Service Funds Received

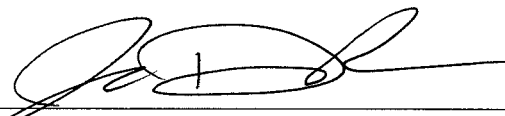
Year: 2006

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	1,212,049	1,288,992
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18			
19			
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21			
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23			
24	Total	1,212,049	1,288,992

Citizens Telecommunications Company of Montana
Year ended December 31, 2006

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, 2006 through December 31, 2006.

Signature:

A handwritten signature in black ink, appearing to read 'J. DeMasi', written over a horizontal line.

Name & Title: Joseph DeMasi, Director Regulatory