

ANNUAL REPORT  
OF

YEAR ENDING 2006

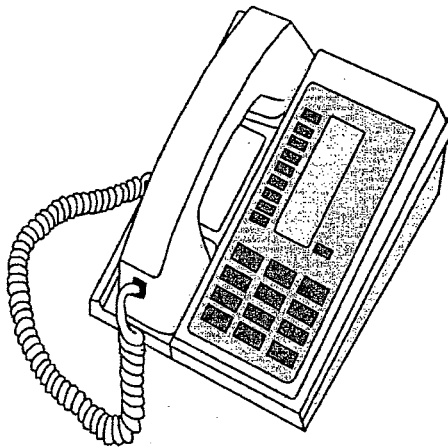
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PUBLIC SERVICE  
COMMISSION

PROJECT TELEPHONE COMPANY

TELEPHONE UTILITY



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

**General Information**

Year:

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:	ROGER DEL FIACCO
5a.	Telephone Number:	406-783-2200
<b>Control Over Respondent</b>		
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%

<b>Board of Directors</b>		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Roy D Neufeld	550
2	Larry Mahler	600
3	Gary Klind	600
4	Duane Broadbent	3350
5	Vernon Whiteman	4400
6	Pearl Hopkins	350
7	Charles McVee	650
8	Robert Heikens	200
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18	<b>Chairman of the Board:</b> ROY D NEUFELD	
19		
20		

**Officers**

Year:

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:

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>CURRENT ASSETS:</b>		
2	1120	Cash and Equivalents	2,783,847	3,651,824
3	1180	Telecommunications Accounts Receivable - Net	5,077	414,629
4	1190	Other Accounts Receivable - Net	2,769,218	470,490
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable	1,777	6,822
7	1220	Materials and Supplies		961,558
8	* 1280	Prepayments	518	63,736
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	518	63,736
14	1350	Other Current Assets		
15		<b>Total Current Assets</b>	<b>5,560,437</b>	<b>5,569,059</b>
16		<b>NONCURRENT ASSETS:</b>		
17	1401	Investments in Affiliated Companies	25,710,188	24,433,813
18	1402	Investments in Nonaffiliated Companies	493,410	840,972
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	41,370	29,533
25	1500	Other Jurisdictional Assets - Net		
26		<b>Total Noncurrent Assets</b>	<b>26,244,968</b>	<b>25,304,318</b>
27		<b>PROPERTY, PLANT, &amp; EQUIPMENT:</b>		
28	2001	Telecommunications Plant in Service	30,234,244	28,079,637
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	180,239	664,387
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	(16,278,159)	(15,279,022)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(3,718,783)	(3,448,212)
39		<b>Net Property, Plant, &amp; Equipment</b>	<b>14,812,751</b>	<b>14,412,000</b>
40		<b>TOTAL ASSETS</b>	<b>46,618,156</b>	<b>45,285,377</b>

^ Subaccount of account marked with a \*.

## Total Company Balance Sheet

Year:

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		<b>CURRENT LIABILITIES:</b>		
42	4010	Accounts Payable	2,678,940	1,103,783
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	158,639	277,454
45	4040	Customer Deposits		65,933
46	4050	Current Maturities - Long Term Debt	21,194	29,160
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	104,562	97,907
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	206,513	184,461
54		<b>Total Current Liabilities</b>	<b>3,169,848</b>	<b>1,758,698</b>
55		<b>LONG-TERM DEBT:</b>		
56	4210	Funded Debt	4,508,153	4,842,925
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	3,305,176	4,226,685
63		<b>Total Long-Term Debt</b>	<b>7,813,329</b>	<b>9,069,610</b>
64		<b>OTHER LIABILITIES AND DEFERRED CREDITS:</b>		
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	2,427,305	2,401,918
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		<b>Total Other Liabilities and Deferred Credits</b>	<b>2,430,747</b>	<b>2,405,360</b>
73		<b>STOCKHOLDERS' EQUITY:</b>		
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	33,196,282	32,043,759
79		<b>Total Stockholders' Equity</b>	<b>33,204,232</b>	<b>32,051,709</b>
80		<b>TOTAL LIAB. AND STOCKHOLDERS' EQUITY</b>	<b>46,618,156</b>	<b>45,285,377</b>

## Total Company Income Statement

Year:

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	2,556,395	2,469,979
3	5080	Network Access Revenues	5,795,833	5,869,518
4	* 5100	Long Distance Message Revenue		28
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
9	* 5200	Miscellaneous Revenue	67,316	68,324
10	^ 5230	Directory Revenue	16,872	19,053
11	^ 5240	Rent Revenue	9,920	8,599
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	8,994	5,747
14	^ 5270	Carrier Billing and Collection Revenue	31,530	34,925
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	7,774	5,728
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>8,411,770</b>	<b>8,402,121</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	42,384	22,519
20	6120	General Support Expense	537,872	475,167
21	6210	Central Office Switching Expense	355,786	320,384
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	453,169	501,435
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,503,037	1,454,268
26	^ 6431	Aerial Wire Expense	1,493,366	1,453,671
27	^ 6441	Conduit Systems Expense	9,671	597
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	370,438	420,403
30	6540	Access Expense	67,580	54,403
31	6560	Depreciation and Amortization Expense	1,672,869	1,627,874
32	6610	Marketing	23,862	19,529
33	6620	Services	449,549	489,761
34	6710	Executive and Planning	107,093	128,168
35	6720	General and Administrative	756,934	746,803
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>6,340,573</b>	<b>6,260,714</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	653,146	599,493
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>1,418,051</b>	<b>1,541,914</b>
41	7300	Nonoperating Income and Expense	2,819,261	2,077,586
42	7400	Nonoperating Taxes	54,077	87,152
43	7500	Interest and Related Items	470,718	540,361
44	7600	Extraordinary Items	161,994	246,988
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income		
47		<b>NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)</b>	<b>3,550,523</b>	<b>2,744,999</b>

^ Subaccount of the account marked with a \*.

## Montana Total State Income Statement

Year:

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	2,493,311	2,412,409
3	5080	Network Access Revenues	5,726,886	5,819,170
4	* 5100	Long Distance Message Revenue		28
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
9	* 5200	Miscellaneous Revenue	65,415	66,008
10	^ 5230	Directory Revenue	16,383	18,591
11	^ 5240	Rent Revenue	9,920	8,599
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	8,952	5,745
14	^ 5270	Carrier Billing and Collection Revenue	30,160	33,073
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	7,774	5,728
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>8,277,838</b>	<b>8,291,887</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	42,384	22,519
20	6120	General Support Expense	528,446	470,690
21	6210	Central Office Switching Expense	349,494	316,125
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	443,704	486,301
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,431,019	1,417,117
26	^ 6431	Aerial Wire Expense	1,421,348	1,416,520
27	^ 6441	Conduit Systems Expense	9,671	597
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	347,919	404,090
30	6540	Access Expense	62,957	52,096
31	6560	Depreciation and Amortization Expense	1,611,681	1,569,893
32	6610	Marketing	22,229	18,701
33	6620	Services	430,598	475,833
34	6710	Executive and Planning	99,768	122,733
35	6720	General and Administrative	705,159	715,136
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>6,075,358</b>	<b>6,071,234</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	644,483	595,698
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>1,557,997</b>	<b>1,624,955</b>

^ Subaccount of the account marked with a \*.

## Montana Intrastate Income Statement

Year:

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	2,493,311	2,412,409
3	5080	Network Access Revenues	5,726,886	5,819,170
4	* 5100	Long Distance Message Revenue		28
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
9	* 5200	Miscellaneous Revenue	65,415	66,008
10	^ 5230	Directory Revenue	16,383	18,591
11	^ 5240	Rent Revenue	9,920	8,599
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	8,952	5,745
14	^ 5270	Carrier Billing and Collection Revenue	30,160	33,073
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	7,774	5,728
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>8,277,838</b>	<b>8,291,887</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	42,384	22,519
20	6120	General Support Expense	528,446	470,690
21	6210	Central Office Switching Expense	349,494	316,125
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	443,704	486,301
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,431,019	1,417,117
26	^ 6431	Aerial Wire Expense	1,421,348	1,416,520
27	^ 6441	Conduit Systems Expense	9,671	597
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	347,919	404,090
30	6540	Access Expense	62,957	52,096
31	6560	Depreciation and Amortization Expense	1,611,681	1,569,893
32	6610	Marketing	22,229	18,701
33	6620	Services	430,598	475,833
34	6710	Executive and Planning	99,768	122,733
35	6720	General and Administrative	705,159	715,136
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>6,075,358</b>	<b>6,071,234</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	644,483	595,698
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>1,557,997</b>	<b>1,624,955</b>

^ Subaccount of the account marked with a \*.



## Montana Intrastate Regulated Income Statement

Year:

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	2,493,311	2,412,409
3	5080	Network Access Revenues	5,726,886	5,819,170
4	* 5100	Long Distance Message Revenue		28
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
9	* 5200	Miscellaneous Revenue	65,415	66,008
10	^ 5230	Directory Revenue	16,383	18,591
11	^ 5240	Rent Revenue	9,920	8,599
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	8,952	5,745
14	^ 5270	Carrier Billing and Collection Revenue	30,160	33,073
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	7,774	5,728
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>8,277,838</b>	<b>8,291,887</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	42,384	22,519
20	6120	General Support Expense	528,446	470,690
21	6210	Central Office Switching Expense	349,494	316,125
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	443,704	486,301
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,431,019	1,417,117
26	^ 6431	Aerial Wire Expense	1,421,348	1,416,520
27	^ 6441	Conduit Systems Expense	9,671	597
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	347,919	404,090
30	6540	Access Expense	62,957	52,096
31	6560	Depreciation and Amortization Expense	1,611,681	1,569,893
32	6610	Marketing	22,229	18,701
33	6620	Services	430,598	475,833
34	6710	Executive and Planning	99,768	122,733
35	6720	General and Administrative	705,159	715,136
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>6,075,358</b>	<b>6,071,234</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	644,483	595,698
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>1,557,997</b>	<b>1,624,955</b>

^ Subaccount of the account marked with a \*.

**Average Rate Base - Total State**

Year:

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	27871317	26692529
2	3100	Accumulated Depreciation	19336536	18112994
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		920785
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	8534781	9500320

**Average Rate Base - Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	27871317	26692529
2	3100	Accumulated Depreciation	19336536	18112994
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		920785
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	8534781	9500320

**Average Rate Base - Regulated Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	27871317	26692529
2	3100	Accumulated Depreciation	19336536	18112994
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		920785
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	8534781	9500320

## Statement of Cash Flows

Year:

Line No.	Item Description (a)	Amount (b)	Amount (c)		
1	<b>Increase/(decrease) in Cash &amp; Cash Equivalents</b>				
2	<b>Cash Flows from Operating Activities:</b>				
3	Net Income				
4	Reconciliation Adjustments:				
5	Depreciation & Amortization	Information available in the 2006 audit reports.			
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	<b>Net Cash Provided by/(Used in) Operating Activities</b>				
18	<b>Cash Inflows/Outflows From Investing Activities:</b>				
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	<b>Net Cash Provided by/(Used in) Investing Activities</b>				
26	<b>Cash Flows from Financing Activities:</b>				
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	<b>Net Cash Provided by Financing Activities</b>				
38	<b>Effect of Exchange Rate Changes on Cash</b>				
39	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>				
40	<b>Cash &amp; Cash Equivalents at Beginning of Period</b>		32043759		
41	<b>Cash &amp; Cash Equivalents at End of Period</b>		33196282		

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year:

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	Nemont Telephone				1012076						
2	Nemont Communications				1398000					24433813	
3	MVC				2315						
4	AT&T				25832						
5	QWEST				271						
6	NCRPC				1100						
7	NECA				487218						
8	Misc LD Carriers				43082				1777		
9	NRUCFC	1950223									
10	RTFC										
11	Capital Creditis										124310
12	NCRPC Stock										309582
13	Raymond James Security										10000
14	Misc Memberships										48404
15											1114
16											
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30	<b>Totals</b>	1950223			2969894				1777	24433813	493410

**Net Plant in Service - Detail**

**Year:**

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	3147155	274978	109053	-38768	3274312		3274312
2	^	2111 Land	94882				94882		94882
3	^	2112 Motor Vehicles	714333	181555	109053	-38768	748067	394923	353144
4	^	2113 Aircraft							
5	^	2114 Special Purpose Vehicles	2054	29856		304007	335917	273246	62671
6	^	2115 Garage Work Equipment	2113			-2113			
7	^	2116 Other Work Equipment	647877			-301894	345983	236617	109366
8	^	2121 Buildings	1629801	57607			1687408	847173	840235
9	^	2122 Furniture	7305	3754			11059	7414	3645
10	^	2123 Office Equipment	48790	2206			50996	48790	2206
11	^	2124 General Purpose Computers							
12	^	2211 Analog Electronic Switching			76979		5354412	4468379	886033
13	^	2212 Digital Electronic Switching	4965402						
14	^	2215 Electro-Mechanical Switching							
15	^	2220 Operator Systems							
16	^	2231 Radio Systems	266431				266431	95298	171133
17	^	2232 Circuit Equipment	4411856	546964	157276	-19057	4782487	1918879	2863608
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	65148		433		64715	64715	
25	*	2420 Cable and Wire Facilities	14739010	891914	97878	3701	15536747		15536747
26	^	2421 Aerial Cable	175161	120	10512		164769	147440	17329
27	^	2422 Underground Cable	153372	25477			178849	57344	121505
28	^	2423 Buried Cable	14370274	866317	87366		15152926	7543931	7608995
29	^	2424 Submarine Cable							
30	^	2425 Deep Sea Cable							
31	^	2426 Intrabuilding Network Cable	40203				40203	38110	2093
32	^	2431 Aerial Wire	3748				3748	3748	
33	^	2441 Conduit Systems	468400	470505			938905	119665	819240
34		<b>Totals</b>	28079637	2650350	441619	-54124	30234244	16278159	13956085

^ Subaccount of the account marked with a \*

Analysis of Plant Held for Future Use

Year:

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	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	<b>Totals</b>	<b>(Sum L.1 to L.29)</b>					

Average Cost of Long Term Debt

Year:

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	1958	Mar-93	175000	175000	175000						
4		1958	Jul-93	55000	55000	55000						
5		1959	Nov-94	25660	25660	25660						
6		1959	Nov-94	12849	12849	12849						
7		1959	Nov-94	10491	10491	10491						
8		1974	Nov-09	1085000	1085000	1085000		188932		10753		
9		1976	Jul-11	320000	320000	320000		58080		1274		
10		1976	Jul-11	85000	85000	85000		36173		750		
11		1978	Nov-13	571000	571000	571000		219273		11552		
12		1983	Oct-18	2170000	2170000	2170000		1165449		60221		
13		1983	Oct-18	3019000	3019000	3019000		1673397		86456		
14		1983	Oct-18	1376000	1376000	1376000		797632		41201		
15		1983	Oct-18	511000	511000	511000		379109		19300		
16	INTEREST ON PREPAYMENTS											
17								-9892				
18	PREPAYMENTS-DR.											
19		1984		3255000	3202500	3202500		1651431		110241		
20	TELE PLANT RUS			8886287	8886287	8441973		1758744		124826		
21	TELEPHONE PLANT RTFC											
22				21607287	21554787	21110473	97.70	7918328		466094		5.89%
23	<b>Total</b>											

Cost of Preferred Stock

Year:

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	<b>Totals (Sum L.1 to L.29)</b>											



Analysis of Common Stock

Year:

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:

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	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	<b>Totals (Sum L.1 to L.29)</b>							

Total Company Expense Matrix

Year:

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	15799	9624	16079	211690	-210808	42384
2	^	Motor Vehicle Expense	15452	9435	9384	172421	-199998	6694
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense	347	189	6695	39034	-10810	35455
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense	88539	48150	280607	120577	235	235
8	^	Land and Building Expense	51182	26630	232643	92511	537873	537873
9	^	Furniture and Artworks Expense			7176	2096	402966	402966
10	^	Office Equipment Expense	353	4	14760	11345	26462	26462
11	^	General Purpose Computers Expense	37004	21516	26028	14625	99173	99173
12	*	Central Office Switching Expense	155455	90124		110207	355786	355786
13	^	Analog Electronic Expense	155455	90124		110207	355786	355786
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	58342	38276	138888	217662	453168	453168
18	^	Radio Systems Expense	646	456	1800	55878	58780	58780
19	^	Circuit Equipment Expense	57696	37820	137088	161784	394388	394388
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	468588	302739	482941	248768	1503036	1503036
26	^	Poles Expense	477	261	6025	187	6950	6950
27	^	Aerial Cable Expense	17349	11637		12882	41868	41868
28	^	Underground Cable Expense						
29	^	Buried Cable Expense	450762	290841	476916	226028	1444547	1444547
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		<b>Subtotals</b>	786,723	488,913	918,515	899,233	(210,808)	2882,576

^ Subaccount of the account marked with a \*.

**Total Company Expense Matrix**

Year:

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				9671		9671
36	6510	Other Property Expenses	12376	6337		1779	-20492	
37	* 6530	Network Operations Expense	202479	134345			-79367	257457
38	^ 6531	Power Expense				63500		63500
39	^ 6532	Network Administration Expense				2920		2920
40	^ 6533	Testing Expense	7982	6965		411		15358
41	^ 6534	Plant Operations Expense	126764	82075		20074	-50170	178743
42	^ 6535	Engineering Expense	67733	45305		26075	-29197	109916
43	6540	Access Expense				67580		67580
44	6561	Depreciation - Telecomm. Plant in Service				1402299		1402299
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	8311	3850		11700		23861
50	^ 6611	Product Management						
51	^ 6612	Sales				7477		7477
52	^ 6613	Product Advertising	8311	3850		4223		16384
53	6621	Call Completion Services				549		549
54	6622	Number Services	1190	766		18128		20084
55	6623	Customer Services	119743	84948		224226		428917
56	6711	Executive	31485	17759		57849		107093
57	6712	Planning						
58	6721	Accounting and Finance	129466	79153		63867		272486
59	6722	External Relations	65027	43804		94983		203814
60	6723	Human Relations	12511	9322		17012		38845
61	6724	Information Management						
62	6725	Legal				11774		11774
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative	41739	26100		162177		230016
66	6790	Provision for Uncollectible Notes Receivable						
67		<b>Totals</b>	1,411,050	895,297	918,515	3,426,378	(310,667)	6340573

^ Subaccount of the account marked with a \*.

**Total State Expense Matrix**      **Year:**

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	15799	9624	16079	211690	-210808	42384
2	^	Motor Vehicle Expense	15452	9435	9384	172421	-199998	6694
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense	347	189	6695	39034	-10810	35455
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense	88539	48150	280607	111150		235
8	^	Land and Building Expense	51182	26630	232643	92312		528446
9	^	Furniture and Artworks Expense			7176	1462		8638
10	^	Office Equipment Expense	353	4	14760	9535		24652
11	^	General Purpose Computers Expense	37004	21516	26028	7841		92389
12	*	Central Office Switching Expense	151815	88214	109465			349494
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense	151815	88214	109465			349494
15	^	Electro-Mechanical Expense						
16		Operator Systems Expense						
17	*	Central Office Transmission Expense	53852	36411	138888	214552		443703
18	^	Radio Systems Expense	646	456	1800	55878		58780
19	^	Circuit Equipment Expense	53206	35955	137088	158674		384923
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	431883	281292	482941	234904		1431020
26	^	Poles Expense	477	261	6025	187		6950
27	^	Aerial Cable Expense	17349	11637		12882		41868
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense	414057	269394	476916	212164		1372531
33	^	Aerial Wire Expense						
34		<b>Subtotals</b>	<b>741,888</b>	<b>463,691</b>	<b>1,027,980</b>	<b>762,625</b>	<b>(210,808)</b>	<b>2785376</b>

^ Subaccount of the account marked with a \*.

**Total State Expense Matrix**

Year:

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				9671		9671
36		Other Property Expenses	12376	6337		1779	-20492	
37	*	Network Operations Expense	202479	134345		90462	-79367	347919
38	^	Power Expense				60726		60726
39	^	Network Administration Expense				2920		2920
40	^	Testing Expense	7982	6965		411		15358
41	^	Plant Operations Expense	126764	82075		7848	-50170	166517
42	^	Engineering Expense	67733	45305		18557	-29197	102398
43		Access Expense				62957		62957
44		Depreciation - Telecomm. Plant in Service				1341110		1341110
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other				270571		270571
49	*	Marketing	8311	3850		10068		22229
50	^	Product Management						
51	^	Sales				6966		6966
52	^	Product Advertising	8311	3850		3102		15263
53		Call Completion Services				512		512
54		Number Services	1190	766		16754		18710
55		Customer Services	119743	84948		206686		411377
56		Executive	31485	17759		50524		99768
57		Planning						
58		Accounting and Finance	129466	79153		45229		253848
59		External Relations	65027	43804		81042		189873
60		Human Relations	12511	9322		14355		36188
61		Information Management						
62		Legal				10968		10968
63		Procurement						
64		Research and Development						
65		Other General and Administrative	41739	26100		146444		214283
66		Provision for Uncollectible Notes Receivable						
67		<b>Totals</b>	1,366,215	870,075	1,027,980	3,121,757	(310,667)	6075360

^ Subaccount of the account marked with a \*

**Pension Costs**

Year:

1	Plan Name NTCA SAVINGS PLAN			
2	Defined Benefit Plan? _____	Defined Contribution Plan? <u> X </u>		
3	Actuarial Cost Method? _____	IRS Code: _____		
4	Annual Contribution by Employer: 12% of W-2Wages <u> </u>	Is the Plan Over Funded? _____		
5				
	<b>Item</b>	<b>Current Year</b>	<b>Last Year</b>	<b>% Change</b>
6	<b>Change in Benefit Obligation</b>			
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	<b>Change in Plan Assets</b>			
17	Fair value of plan assets at beginning of year	1638006	1355236	-17.26%
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution	143726	140328	-2.36%
21	Plan participants' contributions	140666	142442	1.26%
22	Benefits paid			
23	Fair value of plan assets at end of year	1922398	1638006	-14.79%
24	<b>Funded Status</b>	1922398	1638006	-14.79%
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	1922398	1638006	-14.79%
28				
29	<b>Weighted-average Assumptions as of Year End</b>		N/A	
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	<b>Components of Net Periodic Benefit Costs</b>	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	<b>Montana Intrastate Costs:</b>		N/A	
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	<b>Number of Company Employees:</b>			
47	Covered by the Plan	18	21	16.67%
48	Not Covered by the Plan	2	2	
49	Active	18	21	16.67%
50	Retired			
51	Deferred Vested Terminated			

**Other Post Employment Benefits (OPEBS)**

Item	Current Year	Last Year	% Change
<b>1 Regulatory Treatment:</b>			
2 Commission authorized - most recent			
3 Docket number: _____			
4 Order number: _____			
5 Amount recovered through rates			
<b>6 Weighted-average Assumptions as of Year End</b>			
7 Discount rate	N/A		#VALUE!
8 Expected return on plan assets			
9 Medical Cost Inflation Rate			
10 Actuarial Cost Method			
11 Rate of compensation increase			
<b>12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>			
13			
14			
<b>15 Describe any Changes to the Benefit Plan:</b>			
16			
<b>17 TOTAL COMPANY</b>			
<b>18 Change in Benefit Obligation</b>	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			
<b>28 Change in Plan Assets</b>	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			
<b>36 Funded Status</b>	N/A		#VALUE!
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost			
<b>40 Components of Net Periodic Benefit Costs</b>	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			
<b>47 Accumulated Post Retirement Benefit Obligation</b>	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:

	Item	Current Year	Last Year	% Change
1	<b>Number of Company Employees:</b>	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	<b>Montana</b>			
8	<b>Change in Benefit Obligation</b>	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	<b>Change in Plan Assets</b>	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	<b>Funded Status</b>	N/A		#VALUE!
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	<b>Components of Net Periodic Benefit Cccosts</b>	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	<b>Accumulated Post Retirement Benefit Obligation</b>	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	<b>Montana Intrastate Costs:</b>	N/A		
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	<b>Number of Montana Employees:</b>	N/A		
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:

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	NISC	DATA SERVICES	172518	172518	172518
2	MTS	LEGAL SERVICES	63045	63045	63045
3	ASSOC LEGAL GROUP	LEGAL SERVICES	3033	3033	3033
4					
5					
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48					
49	<b>Total</b>		238596	238596	238596

**Subscriber Line Usage Data**

Year:

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	11659155	79.01%	8284298	77.93%
3	Interstate, IntraLATA	91810	0.62%	118703	1.12%
4	<b>Total Interstate Usage</b>	11750965	79.64%	8403001	79.05%
5	Intrastate, InterLATA	2217293	15.03%	1416282	13.32%
6	Intrastate, IntraLATA	787524	5.34%	811232	7.63%
7	<b>Total Intrastate Usage</b>	3004817	20.36%	2227514	20.95%
8	<b>Total Toll Usage</b>	14755782	100.00%	10630515	100.00%
9	Centrex				
10	Local				
11	<b>Total Minutes</b>	14755782	100.00%	10630515	100.00%

**Central Office and Access Line Statistics**

Year:

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	1293		245	9		321				19		1633
2	BELFRY	UD/DIG	182		36	3		55				4		241
3	CLARK	RSU	259		60	1		45				1		305
4	CROW AGENCY	UD/DIG	502		57	302		487				8		997
5	FORT SMITH	RSU	216		32	36		96				2		314
6	HUNTLEY	RSU	481		59	6		88				3		572
7	LODGE GRASS	RSU	501		23	248		74				2		577
8	POMPEYS PILLAR	RSU	74		13	2		23				2		99
9	SOUTH WYOLA	RSU	1					1						2
10	WORDEN	UD/DIG	786		96	17		223				17		1026
11	WYOLA	RSU	106		10	42		21				1		128
33	<b>Total</b>		4401		631	666		1434				59		5894

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

Central Office and Switch Information

Year:

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	1,550	1985
2	BELFRY	HOST	DIGITAL	NTI	DMS10-SS	404	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	342	1994
6	HUNTLEY	REMOTE	DIGITAL	NTI	RSLE	596	1996
7	LODGE GRASS	REMOTE	DIGITAL	NTI	RSLE	604	1994
8	WORDEN	HOST	DIGITAL	NTI	DMS10-SS	1,527	1985
9	WYOLA	REMOTE	DIGITAL	NTI	RSLE	216	1994
10	NYE	REMOTE	DIGITAL	NTI	RSLE	335	1985
11	BEEHIVE	REMOTE	DIGITAL	NTI	RSLE	152	1985
12	ROSCOE	REMOTE	DIGITAL	NTI	RSLE	252	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:

Line No.	Description (a)	(b)
1	<b>Central Office Assets:</b>	
2		
3	CIRCUIT EQUIPMENT	691666
4		
5	DIGITAL SWITCHING	195000
6		
7		
8		
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26		
27	Total Switching and Central Office Projects over \$500,000	886666
28	Miscellaneous Central Office Projects not over \$500,000	
29	<b>Total Central Office Budget (Total of Line 27 &amp; Line 28)</b>	886666
30	<b>Other Projects over \$500,000:</b>	
31		
32	BELFRY/CLARK CABLE REPLACEMENT	500000
33	GENERAL WORK ORDERS	533333
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	1033333
42	Miscellaneous projects not over \$500,000	200000
43	<b>Total Construction Budget (Total of Lines 29, 41 &amp; 42)</b>	2119999

## 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	271620	103958	161.28%
2	2210	Central Office Assets	465635	133149	249.71%
3	2220	Operator Systems	0	0	
4	2230	Central Office Transmission	484460	271797	78.24%
5	2310	Information/Termination Assets	0	0	
6	2410	Cable and Wire Facilities Assets	444558	311866	42.55%
7	2680	Amortizable Tangible Assets		0	
8	2690	Intangibles		0	
<b>9</b>		<b>Total Construction Expenditures</b>	<b>1666273</b>	<b>820770</b>	<b>103.01%</b>

### Montana Employee Counts

Year:

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	CENTRAL OFFICE TECH	3	3
2	COMBINATION TECH	8	8
3	CONSTRUCTION TECH	3	3
4	CUSTODIAN	3	3
5	CUSTOMER SERVICE REP	3	3
6	RIGHT OF WAY CLERK	1	1
7	PLANT SUPERVISOR	1	1
8	ENGINEER	1	1
9			
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43	<b>Totals (Sum of Lines 1 through 42)</b>	23	23



**Compensation of Top 10 Montana Based Employees**

Year:

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	<b>Totals (Sum L.1 to L.10)</b>						

Year:

**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	<b>Totals (Sum L.1 to L.5)</b>						

## Montana Composite Statistics

Year:

Line No.	Account No.	Description (a)	Amount (b)
1		<b>Plant (Intrastate Only) (000 Omitted)</b>	
2	2001	Plant in Service	27871317
3	2003 - 2004	Construction Work in Progress	180239
4	2005	Plant Acquisition Adjustments	4377116
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-19336536
9	4360.2	Contributions in Aid of Construction	
10		<b>NET BOOK COSTS</b>	13092136
11		<b>Revenues &amp; Expenses (Intrastate Only) (000 Omitted)</b>	
12	5000 - 5300	Operating Revenues	8277838
13	6560	Depreciation & Amortization Expenses	1611681
14		Federal & State Income Taxes	404203
15		Other Taxes	240280
16		Other Operating Expenses	4463677
17		TOTAL Operating Expenses	6719841
18		Net Operating Income	1557997
19		Other Income	2410349
20		Other Deductions	438521
21		<b>NET INCOME</b>	3529825
22		<b>Access Lines in Service (Intrastate Only)</b>	
23		Residential Access Lines	4141
24		Business Access Lines	1388
25		PBX Access Lines	
26		Other Access Lines	58
27		<b>Total Number of Access Lines</b>	5587
28		<b>Average Number of Calls Per Access Line</b>	
29		Local Calls	822
30		Toll Calls (Intra- or Interstate)	1013
31		<b>Total Number of Calls Per Access Line</b> (Total of Line 29 & Line 30 divided by Line 27)	1835
32		<b>Other Statistics (Intrastate Only)</b>	
33		Average Residential Monthly Bill	44
34		Gross Plant Investment per Access Line	5804

**Depreciation - Montana Intrastate Regulated**

Year:

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	25.0%	42,065
2	2114	Special Purpose Vehicles	8.0%	164
3	2115	Garage Work Equipment	8.0%	
4	2116	Other work Equipment	8.0%	43,493
5	2121	Buildings	3.1%	49,866
6	2122	Furniture	7.5%	736
7	2123.1	Office Support Equipment	7.5%	3,142
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers		
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	8.2%	417,996
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	8.2%	20,697
16	2232	Circuit DDS	6.5%	251,712
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles		
22	2421	Aerial Cable Metallic	9.2%	14,920
23	2421	Aerial Cable Nonmetallic	9.2%	526
24	2422	Underground Cable Metallic	9.2%	8,800
25	2422	Underground Cable Nonmetallic	9.2%	5,310
26	2423	Buried Cable Metallic	3.3%	360,324
27	2423	Buried Cable Nonmetallic	4.0%	101,338
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	3.3%	1,327
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire		
33	2441	Conduit Systems	4.0%	18,694
34				
35		<b>COMPOSITE TOTAL</b>		<b>1,341,110</b>
36	<p>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</p> <p>Docket Number <u>  N/A  </u> Order Number <u>                    </u></p>			
37				
38				
39				
40				

**Amortization - Montana Intrastate Regulated**

Year:

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1				
2	3600.01	ACQUISITION ADJUSTMENT	6.7%	270,571
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35		<b>COMPOSITE TOTAL</b>		270,571
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:

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
<b>Commission Accepted - Most Recent</b>				
1	Docket Number _____			
2	Order Number _____			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	<b>Total</b>			
<b>Actual at Year End</b>				
12	Common Equity	80.40%	11.010%	8.852%
13	Preferred Stock			
14	Long Term Debt	19.60%	24.400%	4.782%
15	Other			
16	<b>Total</b>	100.00%		13.634%

**Network Access - Charges and Revenues**

Year:

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3274089
2			
3	Montana - Intrastate		3274089
4			
5	Montana - Intrastate Regulated		3274089
6			
7			
8			
9			
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13			

Affiliate Transactions - Products & Services Provided to Utility

Year:

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						
3	NEMONT TELEPHONE COOP	MANAGEMENT LEASE	LEASE AGREEMENT	849,389	5.5%	
4						
5	NEMONT COMMUNICATIONS	BUILDING LEASE	LEASE AGREEMENT	232,643	2.3%	
6						
7	NCI	OTHER OFFICE & COMM EQ	LEASE AGREEMENT	38,015	0.4%	
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30	<b>TOTAL</b>			\$1,146,075		

Affiliate Transactions - Products & Services Provided by Utility

Year:

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	NEMONT COMMUNICATIONS	WAGES & LABOR	COST	64,309	0.6%	
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30	<b>TOTAL</b>			\$64,309		



**Montana Intrastate Regulated Earned Rate of Return**

Year:

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	32,428,672	31,734,032	2.19%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(19,336,536)	(18,112,994)	-6.76%
5	<b>Plant in Service</b>	13,092,136	13,621,038	-3.88%
6				
7	<b>Additions</b>			
8	1220 Materials & Supplies		920,785	-100.00%
9	1280 Prepayments			
10	Other Additions			
11	<b>TOTAL Additions</b>		920,785	-100.00%
12				
13	<b>Deductions</b>			
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	2,427,305	2,401,918	1.06%
17	Customer Advances for Construction			
18	Other Deductions			
19	<b>TOTAL Deductions</b>	2,430,747	2,405,360	1.06%
20	<b>TOTAL Rate Base</b>	10,661,389	12,136,463	-12.15%
21				
22	<b>Net Earnings</b>	3,529,825	2,762,853	27.76%
23				
24	<b>Rate of Return on Average Rate Base</b>	33.100%	22.760%	45.43%
25				
26	<b>Rate of Return on Average Equity</b>	10.600%	8.600%	23.26%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
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42				
43	<b>Adjusted Rate of Return on Average Rate Base</b>			
44				
45	<b>Adjusted Rate of Return on Average Equity</b>			

**Other Taxes Paid**

Year:

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax		
2	Montana Public Service Commission Tax	8439	8425
3	Montana Consumer Counsel Tax	3562	2318
4	911 Emergency Telephone Fee	33403	33285
5	Montana Telecommunications Access Service (TDD)	6681	6657
6	Montana Corporate License Tax	15	15
7	Personal Property Tax		
8	Real Property Tax	194364	204250
9			
10			
11			
12	<b>Total</b>	246464	254950

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**Universal Service Funds Received**

Year:

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	1459044	1406484
14	Funds received from Federal Sources	65398	81197
15			
16			
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20			
21			
22			
23			
24	<b>Total</b>	1524442	1487681

Nemont Telephone  
Cooperative, Inc.

Missouri Valley  
Communications, Inc.

Project Telephone Company

Nemont Communications, Inc.

Sagebrush Cellular, Inc.

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".