

YEAR ENDING 2007

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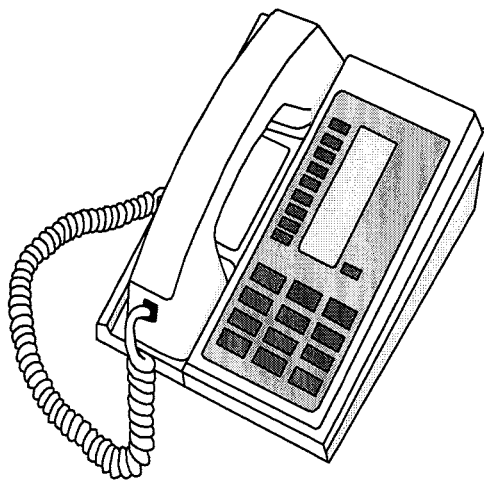
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OF

PUBLIC SERVICE
COMMISSION

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: 2007

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:	100 CTE Drive Dallas, PA 18612
5	Person Responsible for This Report:	Jessica Matushek
5a.	Telephone Number:	570 - 631 - 5003
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		None
4	Mary A. Wilderotter	
5	3 High Ridge Park, Stamford, Connecticut 06905	None
6		
7	Daniel J McCarthy	None
8	3 High Ridge Park, Stamford, Connecticut 06905	
9		
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17		
18	Chairman of the Board:	
19	Mary A. Wilderotter	
20		

Officers

Year: 2007

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	V.P. & C.F.O.		Donald R Shassian
4	V.P. & CAO		Robert Larson
5	V.P. General Counsel & Sec'ty		Hilary Glasman
6	VP & Treasurer		David R. Whitehouse
7	V.P Engineering		Michael Golob
8	VP, Regulatory		Ann Burr
9	Assistant Secretary		Gregg C. Sayre
10	Assistant Secretary		David G Schwartz
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Total Company Balance Sheet

Year: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	6,546	8,110
3	1180	Telecommunications Accounts Receivable - Net	446,400	421,538
4	1190	Other Accounts Receivable - Net	446,389	297,112
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	8,926	15,740
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	908,261	742,500
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	(2,638,672)	(5,247,194)
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	2,726	3,220
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	(2,635,946)	(5,243,974)
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	29,166,049	28,567,035
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	210,163	200,360
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	(19,703,262)	(18,227,365)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(8,794,223)	(8,362,336)
39		Net Property, Plant, & Equipment	15,498,694	16,797,661
40		TOTAL ASSETS	13,771,010	12,296,187

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	141,518	53,030
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	190,902	125,341
45	4040	Customer Deposits	(8,069)	(8,433)
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	226,854	237,475
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	15,341	15,522
53	4130	Other Current Liabilities		
54		Total Current Liabilities	566,546	422,935
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	4,873,553	4,871,852
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	191,566	110,353
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	5,065,119	4,982,205
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	8,138,345	6,890,047
79		Total Stockholders' Equity	8,139,345	6,891,047
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	13,771,010	12,296,187

Total Company Income Statement

Year: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,390,324	2,280,943
3	5080	Network Access Revenues	3,758,637	3,827,541
4	* 5100	Long Distance Message Revenue	(759)	1,275
5	^ 5110	Unidirectional Long Distance Revenue	(759)	1,275
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	181,280	145,033
10	^ 5230	Directory Revenue	31,652	27,430
11	^ 5240	Rent Revenue	11,361	14,533
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	27,992	13,027
14	^ 5270	Carrier Billing and Collection Revenue	110,275	90,043
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	32,442	23,901
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	6,297,040	6,230,891
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	3,049	0
20	6120	General Support Expense	293,536	315,146
21	6210	Central Office Switching Expense	102,379	110,662
22	6220	Operator Systems Expense	2,084	2,291
23	6230	Central Office Transmission Expense	128,104	132,172
24	6310	Information Origination/Termination Expense	15,538	23,410
25	* 6410	Cable and Wire Facilities Expense	419,850	334,942
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	3	(4)
29	6530	Network Operations Expense	434,625	399,692
30	6540	Access Expense	238,838	217,440
31	6560	Depreciation and Amortization Expense	1,997,644	1,964,663
32	6610	Marketing	190,949	170,557
33	6620	Services	377,117	378,328
34	6710	Executive and Planning	62,824	65,861
35	6720	General and Administrative	245,571	251,055
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	4,512,110	4,366,214
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,193,373	1,119,271
40		Net Operating Income (L.17-L.37+L.38-L.39)	591,557	745,406
41	7300	Nonoperating Income and Expense	4,905	(261)
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	437	375
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(652,273)	(415,158)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	1,248,298	1,159,928

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2007

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: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,390,324	2,280,943
3	5080	Network Access Revenues	1,213,857	1,196,600
4	* 5100	Long Distance Message Revenue	(759)	1,275
5	^ 5110	Unidirectional Long Distance Revenue	(759)	1,275
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	115,871	88,617
10	^ 5230	Directory Revenue	31,652	27,430
11	^ 5240	Rent Revenue	11,361	14,533
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	27,992	13,027
14	^ 5270	Carrier Billing and Collection Revenue	44,866	33,627
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	32,442	23,901
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	3,686,852	3,543,534
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	2,005	
20	6120	General Support Expense	193,059	204,057
21	6210	Central Office Switching Expense	67,335	71,654
22	6220	Operator Systems Expense	1,370	1,484
23	6230	Central Office Transmission Expense	84,254	85,582
24	6310	Information Origination/Termination Expense	10,219	15,158
25	* 6410	Cable and Wire Facilities Expense	276,135	216,875
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	2	(3)
29	6530	Network Operations Expense	283,376	260,119
30	6540	Access Expense	172,322	201,545
31	6560	Depreciation and Amortization Expense	1,021,395	1,278,406
32	6610	Marketing	112,984	100,918
33	6620	Services	269,563	271,829
34	6710	Executive and Planning	42,275	44,048
35	6720	General and Administrative	165,245	167,906
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	2,701,539	2,919,577
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	778,079	728,422
40		Net Operating Income (L.17-L.37+L.38-L.39)	207,234	(104,465)

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,390,324	2,280,943
3	5080	Network Access Revenues	1,213,857	1,196,600
4	* 5100	Long Distance Message Revenue	(759)	1,275
5	^ 5110	Unidirectional Long Distance Revenue	(759)	1,275
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	115,871	88,617
10	^ 5230	Directory Revenue	31,652	27,430
11	^ 5240	Rent Revenue	11,361	14,533
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	27,992	13,027
14	^ 5270	Carrier Billing and Collection Revenue	44,866	33,627
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	32,442	23,901
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	3,686,852	3,543,534
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	1,693	0
20	6120	General Support Expense	171,922	183,866
21	6210	Central Office Switching Expense	67,335	71,654
22	6220	Operator Systems Expense	1,370	1,484
23	6230	Central Office Transmission Expense	77,270	81,478
24	6310	Information Origination/Termination Expense	680	1,641
25	* 6410	Cable and Wire Facilities Expense	276,135	216,875
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	2	(3)
29	6530	Network Operations Expense	280,087	246,292
30	6540	Access Expense	168,735	199,640
31	6560	Depreciation and Amortization Expense	1,004,724	1,259,262
32	6610	Marketing	49,435	41,117
33	6620	Services	219,831	225,124
34	6710	Executive and Planning	37,598	39,946
35	6720	General and Administrative	147,164	152,778
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	2,503,981	2,721,154
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	705,324	690,266
40		Net Operating Income (L.17-L.37+L.38-L.39)	477,547	132,114

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2007

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	28,866,542	28,240,410
2	3100	Accumulated Depreciation	18,965,314	17,490,841
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	12,333	18,976
6	4340	Noncurrent Deferred Operating Income Taxes	4,872,703	4,890,300
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)	5,040,859	5,878,245

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	18,820,985	18,378,860
2	3100	Accumulated Depreciation	12,500,038	11,556,199
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	9,138	14,059
6	4340	Noncurrent Deferred Operating Income Taxes	2,079,182	2,086,202
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)	4,250,903	4,750,518

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	18,476,561	18,011,283
2	3100	Accumulated Depreciation	12,500,038	11,270,761
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	8,971	13,778
6	4340	Noncurrent Deferred Operating Income Taxes	1,795,374	1,801,436
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)	4,190,121	4,952,864

Statement of Cash Flows

Year: 2007

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		1,248,298
4	Reconciliation Adjustments:	1,907,785	
5	Depreciation & Amortization		
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	1,701	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	(174,139)	
11	Change in Materials, Supplies & Inventories - Net	6,814	
12	Change in Operating Payables & Accrued Liabilities - Net	143,610	
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net	81,213	
15	Other (explained on back of this page)		
16	Total Adjustments		1,966,984
17	Net Cash Provided by/(Used in) Operating Activities		3,215,282
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(608,818)	
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates	(2,608,028)	
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		(3,216,846)
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		(1,564)
40	Cash & Cash Equivalents at Beginning of Period		8,110
41	Cash & Cash Equivalents at End of Period		6,546

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2007

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	Various		461,057	(14,656)	506,335	(59,946)				(2,638,672)	
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30	Totals		461,057	(14,656)	506,335	(59,946)				(2,638,672)	

Net Plant in Service - Detail

Year: 2007

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	2,505,779	46,295	(52,818)		2,499,256	1,342,247	1,157,009
2	^ 2111	Land	76,722				76,722		76,722
3	^ 2112	Motor Vehicles	322,296	29,123	(37,940)		313,479	133,249	180,230
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				213,018	99,441	113,577
8	^ 2121	Buildings	1,735,428	17,172	(14,878)		1,737,722	973,758	763,964
9	^ 2122	Furniture	4,208				4,208	(2,823)	7,031
10	^ 2123	Office Equipment							
11	^ 2124	General Purpose Computers	100,874				100,874	74,117	26,757
12	2211	Analog Electronic Switching							
13	2212	Digital Electronic Switching	3,908,503				3,908,503	2,090,576	1,817,927
14	2215	Electro-Mechanical Switching							
15	2220	Operator Systems							
16	2231	Radio Systems	1,442,954				1,442,954	1,468,281	(25,327)
17	2232	Circuit Equipment	4,669,705	211,526	(14,296)		4,866,935	3,765,276	1,101,659
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	616,213	19,964	(881)		635,296	565,863	69,433
25	* 2420	Cable and Wire Facilities	15,078,160	408,156	(18,929)		15,467,387	10,118,920	5,348,467
26	^ 2421	Aerial Cable	2,855,838	48,173	(1,547)		2,902,464	2,868,157	34,307
27	^ 2422	Underground Cable	163,692				163,692	103,276	60,416
28	^ 2423	Buried Cable							
29	^ 2424	Submarine Cable	12,058,630	359,983	(17,382)		12,401,231	7,147,487	5,253,744
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	69,005	79,723
34		Totals	28,567,033	685,941	(86,924)		29,166,050	19,703,361	9,462,689

^ Subaccount of the account marked with a *

Analysis of Plant Held for Future Use

Year: 2007

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							
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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: 2007

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												
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18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Total											

Cost of Preferred Stock

Year: 2007

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												
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16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)											

Year: 2007

Analysis of Common Stock

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

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

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 2007

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)	
1								
2	n/a							
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30	Totals (Sum L.1 to L.29)							

Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense				3,049		3,049
2	^	Motor Vehicle Expense				3,049		3,049
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense	19,441	5,391	27,020	241,684		293,536
8	^	Land and Building Expense	5,767	1,538	20,276	103,067		130,647
9	^	Furniture and Artworks Expense				3,079		3,079
10	^	Office Equipment Expense			6,745	4,507		11,252
11	^	General Purpose Computers Expense	13,674	3,853		131,029		148,557
12	*	Central Office Switching Expense	44,329	10,101		47,949		102,379
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense	44,329	10,101		47,949		102,379
15	^	Electro-Mechanical Expense						
16	^	Operator Systemus Expense						
17	*	Central Office Transmission Expense	92,514	21,159		14,431		128,104
18	^	Radio Systems Expense	14,120	3,068		1,886		19,074
19	^	Circuit Equipment Expense	78,394	18,090		12,545		109,029
20	*	Information Origination/Termination Expense	11,553	2,571		1,414		15,538
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense	11,553	2,571		1,414		15,538
25	*	Cable and Wire Facilities Expense	182,122	41,199	47,400	149,128		419,850
26	^	Poles Expense			47,400	337		47,737
27	^	Aerial Cable Expense	82,577	18,641		41,964		143,183
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense	99,545	22,558		106,827		228,929
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	349,959	80,421	74,420	459,738		964,538

^ Subaccount of the account marked with a *.

Total Company Expense Matrix

Line No.	Acct. No.	Description	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						3
37	* 6530	Network Operations Expense	216,183	54,368		164,074		434,625
38	^ 6531	Power Expense				42,628		42,628
39	^ 6532	Network Administration Expense	84,245	23,881		38,564		146,690
40	^ 6533	Testing Expense	4,259	1,207		10,208		15,674
41	^ 6534	Plant Operations Expense	77,713	16,347		23,212		117,272
42	^ 6535	Engineering Expense	49,966	12,933		49,462		112,361
43	6540	Access Expense				238,838		238,838
44	6561	Depreciation - Telecomm. Plant in Service				1,565,757		1,565,757
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	60,955	13,210		431,887		431,887
50	^ 6611	Product Management	15,194	3,656		3,986		22,837
51	^ 6612	Sales	45,177	9,487		26,581		81,245
52	^ 6613	Product Advertising	584	66		86,217		86,867
53	6621	Call Completion Services	10,718	2,908		1,048		14,674
54	6622	Number Services	1,435	372		1,195		3,002
55	6623	Customer Services	254,573	59,517		45,352		359,441
56	6711	Executive	28,304	21,274		12,722		62,300
57	6712	Planning				524		524
58	6721	Accounting and Finance	45,630	9,676		13,674		68,980
59	6722	External Relations	14,634	3,673		14,587		32,894
60	6723	Human Relations	16,906	3,128		7,830		27,864
61	6724	Information Management	25,704	8,921		5,445		40,069
62	6725	Legal	4,764	577		7,275		12,616
63	6726	Procurement	1,941	392		148		2,481
64	6727	Research and Development			7,542			
65	6728	Other General and Administrative	5,237	7,085		40,803		60,667
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	1,036,943	265,520	81,962	3,127,686		4,512,111

^ 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	^	Conduit Systems Expense						
36		Other Property Expenses						
37	*	Network Operations Expense						
38	^	Power Expense						
39	^	Network Administration Expense						
40	^	Testing Expense						
41	^	Plant Operations Expense						
42	^	Engineering Expense						
43		Access Expense						
44		Depreciation - Telecom. Plant in Service						
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing						
50	^	Product Management						
51	^	Sales						
52	^	Product Advertising						
53		Call Completion Services						
54		Number Services						
55		Customer Services						
56		Executive						
57		Planning						
58		Accounting and Finance						
59		External Relations						
60		Human Relations						
61		Information Management						
62		Legal						
63		Procurement						
64		Research and Development						
65		Other General and Administrative						
66		Provision for Uncollectible Notes Receivable						
67		Totals						

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2007

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	780,719,000	842,602,000	-7.34%
8	Service cost	9,175,000	6,811,000	34.71%
9	Interest Cost	50,948,000	45,215,000	12.68%
10	Acquisition	107,047,000		
11	Curtailment Gain	(14,379,000)		
12	Actuarial (Gain)/ Loss	(26,524,000)	(46,597,000)	-43.08%
13	Benefits paid	(87,049,000)	(69,005,000)	26.15%
14	Special Termination Benefits and Other	467,000	1,693,000	
15	Benefit obligation at end of year	820,404,000	780,719,000	5.08%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	770,182,000	762,225,000	1.04%
18	Actual return on plan assets	46,857,000	76,962,000	-39.12%
19	Acquisition	92,175,000		
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid	(87,049,000)	(69,005,000)	26.15%
23	Fair value of plan assets at end of year	822,165,000	770,182,000	6.75%
24	Funded Status	1,761,000	(10,537,000)	-116.71%
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	1,761,000	(10,537,000)	-116.71%
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate	6.50%	6.00%	-8.33%
31	Expected return on plan assets	8.25%	8.25%	
32	Rate of compensation increase	3.50%	4.00%	14.29%
33	Components of Net Periodic Benefit Costs			
34	Service cost	9,175,000	6,811,000	-34.71%
35	Special Termination Charge and Other	(13,912,000)	1,809,000	
36	Interest cost	50,948,000	45,215,000	-12.68%
37	Expected return on plan assets	(67,467,000)	(60,759,000)	11.04%
38	Amortization of prior service cost	(255,000)	(255,000)	
39	Amortization of unrecognized loss	7,313,000	11,871,000	38.40%
40	Net periodic benefit cost	(14,198,000)	4,692,000	402.60%
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	6.500%	6.000%	8.33%
8 Expected return on plan assets	6.00%	8.25%	37.50%
9 Medical Cost Inflation Rate	5-9.5%	5-9.0%	
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	159,931,000	160,922,000	-0.62%
20 Service cost	533,000	664,000	-19.73%
21 Interest Cost	10,241,000	8,974,000	14.12%
22 Plan participants' contributions	3,370,000	1,558,000	116.30%
23 Amendments	(1,025,000)		
24 Actuarial (Gain)/ Loss	15,620,000	1,778,000	778.52%
25 Acquisition	996,000		
26 Benefits paid	(15,064,000)	(13,965,000)	7.87%
27 Benefit obligation at end of year	174,602,000	159,931,000	9.17%
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year	11,869,000	11,424,000	3.90%
30 Actual return on plan assets	815,000	445,000	83.15%
31 Acquisition			
32 Employer contribution	8,380,000	12,407,000	-32.46%
33 Plan participants' contributions			
34 Benefits paid	(11,695,000)	(12,407,000)	-5.74%
35 Fair value of plan assets at end of year	9,369,000	11,869,000	-21.06%
36 Funded Status			
37 Unrecognized net actuarial loss	(165,233,000)	(148,062,000)	11.60%
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost	(165,233,000)	(148,062,000)	11.60%
40 Components of Net Periodic Benefit Costs			
41 Service cost	533,000	664,000	-19.73%
42 Interest cost	10,241,000	8,974,000	14.12%
43 Expected return on plan assets	(578,000)	(889,000)	-34.98%
44 Amortization of prior service cost	(7,735,000)	(7,589,000)	1.92%
45 Amortization of unrecognized loss	6,099,000	4,678,000	30.38%
46 Net periodic benefit cost	8,560,000	5,838,000	46.63%
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA	9,369,000	11,869,000	-21.06%
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL	9,369,000	11,869,000	-21.06%
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: 2007

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	3,789	3,844	-1.43%
3	Not Covered by the Plan			
4	Active	1,477	1,547	-4.52%
5	Retired	2,312	2,297	0.65%
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 Ccosts			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active	9	9	
54	Retired			
55	Spouses/Dependants covered by the Plan			

Payments for Services to Persons Other Than Employees

Year: 2007

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	Lincoln County Broadcasters	Radio Advertising	75	75	75
2	Ted Bachta	Air Dryer Repair	262	262	262
3	Track Utilities, Inc.	Inspection Labor	118,257	118,257	118,257
4	Volt Information Sciences, Inc.	Contract Labor	17,190	17,190	17,190
5					
6					
7					
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10					
11					
12					
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46					
47					
48					
49	Total		135,784	135,784	135,784

Subscriber Line Usage Data

Year: 2007

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	29,834,890	69.46%	31,397,757	70.61%
3	Interstate, IntraLATA	1,469,673	3.42%	1,725,811	3.88%
4	Total Interstate Usage	31,304,563	72.88%	33,123,568	74.49%
5	Intrastate, InterLATA	9,180,411	21.37%	9,114,332	20.50%
6	Intrastate, IntraLATA	2,467,968	5.75%	2,226,701	5.01%
7	Total Intrastate Usage	11,648,379	27.12%	11,341,033	25.51%
8	Total Toll Usage	42,952,942	100.00%	44,464,601	100.00%
9	Centrex				
10	Local				
11	Total Minutes	42,952,942	100.00%	44,464,601	100.00%

Central Office and Access Line Statistics

Year: 2007

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	3,833					1,204	172	9	26	217	99.9%	5,461
2	Troy, MT	DMS-10	1,751					295	11	5	10	65	99.9%	2,137
3	Eureka, MT	DMS-10	76					44	6	4	4	24	99.9%	158
4														
5	Total Company					393								
6														
7														
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33	Total		5660			393		1543	189	18	40	306	2.997	7756

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

Central Office and Switch Information

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: 2007

Line No.	Description (a)	2008 (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	157,710
29	Total Central Office Budget (Total of Line 27 & Line 28)	157,710
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	540,474
43	Total Construction Budget (Total of Lines 29, 41 & 42)	698,184

Montana Employee Counts

Year: 2007

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

PROPRIETARY COPY

Compensation of Top 10 Montana Based Employees

Year: 2007

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	COMMUNICATIONS TECHNICIAN	44,705	3,429	30,215	78,348	77,965	0.49%
2	COMMUNICATIONS TECHNICIAN	43,442	3,412	27,219	74,073	69,963	5.87%
3	COMMUNICATIONS TECHNICIAN	42,397	3,412	23,269	69,078	65,383	5.65%
4	COMMUNICATIONS TECHNICIAN	41,613	3,412	19,901	64,927	67,185	-3.36%
5	COMMUNICATIONS TECHNICIAN	41,391	3,412	15,288	60,091	62,429	-3.74%
6	CUSTOMER CARE REPRESENTATIVE	29,478		14,014	43,492	40,943	6.23%
7	CUSTOMER CARE REPRESENTATIVE	30,578		11,342	41,920	39,552	5.99%
8	COMMUNICATIONS TECHNICIAN	12,218		2,525	14,743		#DIV/0!
9	MGR., OPERATIONS	7,879		951	8,830		#DIV/0!
10							
11	Totals (Sum L.1 to L.10)	293700.01	17077	144723.86	455500.87	423420	7.58%

NON - PROPRIETARY COPY

Compensation of Top 10 Montana Based Employees

Year: 2007

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	COMMUNICATIONS TECHNICIAN	44,705	3,429	30,215	78,348	77,965	0.49%
2	COMMUNICATIONS TECHNICIAN	43,442	3,412	27,219	74,073	69,963	5.87%
3	COMMUNICATIONS TECHNICIAN	42,397	3,412	23,269	69,078	65,383	5.65%
4	COMMUNICATIONS TECHNICIAN	41,613	3,412	19,901	64,927	67,185	-3.36%
5	COMMUNICATIONS TECHNICIAN	41,391	3,412	15,288	60,091	62,429	-3.74%
6	CUSTOMER CARE REPRESENTATIVE	29,478		14,014	43,492	40,943	6.23%
7	CUSTOMER CARE REPRESENTATIVE	30,578		11,342	41,920	39,552	5.99%
8	COMMUNICATIONS TECHNICIAN	12,218		2,525	14,743		#DIV/0!
9	MGR., OPERATIONS REPRESENTATIVE	7,879		951	8,830		#DIV/0!
10							
11	Totals (Sum L.1 to L.10)	293700.01	17077	144723.86	455500.87	423420	7.58%

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 www.sec.gov						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year: 2007

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	19,016
3	2003 - 2004	Construction Work in Progress	137
4	2005	Plant Acquisition Adjustments	9,532
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	7
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	18,783
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	47,475
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	3,687
13	6560	Depreciation & Amortization Expenses	1,021
14		Federal & State Income Taxes	778
15		Other Taxes	
16		Other Operating Expenses	1,680
17		TOTAL Operating Expenses	3,480
18		Net Operating Income	207
19		Other Income	
20		Other Deductions	
21		NET INCOME	207
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	5660
24		Business Access Lines	1694
25		PBX Access Lines	38
26		Other Access Lines	364
27		Total Number of Access Lines	7756
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	2,452

Depreciation - Montana Intrastate Regulated

Year: 2007

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	7.7%	10,739
2	2114	Special Purpose Vehicles	7.7%	
3	2115	Garage Work Equipment		
4	2116	Other work Equipment		
5	2121	Buildings	5.6%	5,170
6	2122	Furniture	2.9%	24,002
7	2123.1	Office Support Equipment	3.9%	72
8	2123.2	Company Communications Equipment	4.9%	
9	2124	General Purpose Computers	10.7%	5,138
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	6.5%	129,897
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%	194,213
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%	19,973
22	2421	Aerial Cable Metallic	6.9%	101,567
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic	4.7%	3,934
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	4.8%	298,657
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: 2007

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

Montana Regulatory Capital Structure & Costs

Year: 2007

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number <u>93.3.12</u>			
2	Order Number <u>5632d</u>			
3				
4	Common Equity	56.21%	9.83%	5.52%
5	Preferred Stock	0.51%	8.28%	0.04%
6	Long Term Debt	43.28%	12.67%	3.39%
7	Other			
8	Total	100.00%		8.953%
9				
Actual at Year End				
10				
11				
12	Common Equity	50.50%	12.83%	6.48%
13	Preferred Stock			
14	Long Term Debt	49.50%	7.67%	3.80%
15	Other			
16	Total	100.00%		10.278%

Network Access - Charges and Revenues

Year: 2007

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3,758,637
2			
3	Montana - Intrastate		1,213,857
4			
5	Montana - Intrastate Regulated		1,213,857
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Affiliate Transactions - Products & Services Provided to Utility Year: 2007

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	116,229		116,229
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	626,315		626,315
3	Telecom Regional Services	Local Management	Fully Distributed Cost per FCC Part 64.901	412,542		412,542
4	Telecom Sector Central Services (Conversion)	Billing System Conversion	Fully Distributed Cost per FCC Part 64.901	10,146		10,146
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29						
30	TOTAL			\$1,165,233		\$1,165,233

Affiliate Transactions - Products & Services Provided by Utility

Year: 2007

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1						
2						
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29						
30	TOTAL					

Montana Intrastate Regulated Earned Rate of Return

Year: 2007

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	18,476,561	18,011,282	2.58%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(12,500,038)	(11,270,761)	-10.91%
5	Plant in Service	5,976,523	6,740,521	-11.33%
6				
7	Additions			
8	1220 Materials & Supplies	8,971	13,778	-34.89%
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions	8,971	13,778	-34.89%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	1,795,374	1,801,436	-0.34%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	1,795,374	1,801,436	-0.34%
20	TOTAL Rate Base	4,190,121	4,952,863	-15.40%
21				
22	Net Earnings	477,547	132,114	261.47%
23				
24	Rate of Return on Average Rate Base	11.397%	2.667%	327.26%
25				
26	Rate of Return on Average Equity	15.050%	-2.236%	773.06%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30	4340 Remove Deferred Income Taxes related to Telecom	(1,325,683)	(1,324,910)	
31	Plant Adjustment (TPA)			
32				
33	Comp Tax Rate @ 39.39% w/interest expense adjustment	89,379	100,805	-11.33%
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	Adjusted Rate of Return on Average Rate Base	10.28%	3.71%	177.03%
44				
45	Adjusted Rate of Return on Average Equity	12.83%	-0.171%	7598.53%

Other Taxes Paid

Year: 2007

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Retail telecommunications Excise Tax	103,770	69,396
2	Montana Public Service Commission Tax	3,741	4,730
3	Montana Consumer Counsel Tax	1,007	796
4	911 Emergency Telephone Fee	39,743	59,549
5	Montana Telecommunications Access Service (TDD)		7,890
6	Real Property Tax	402,740	401,920
7			
8			
9			
10			
11			
12	Total	516,897	544,282


SCHEDULE 37**Universal Service Funds Received**

Year: 2007

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	1,288,992	1,014,531
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	1,212,049	1,014,531

Citizens Telecommunications Company of Montana
Year ended December 31, 2007

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, 2007 through December 31, 2007.

Signature: 
Name & Title: Jessica Matushek, Sr Manager - Accounting