

YEAR ENDING 2008

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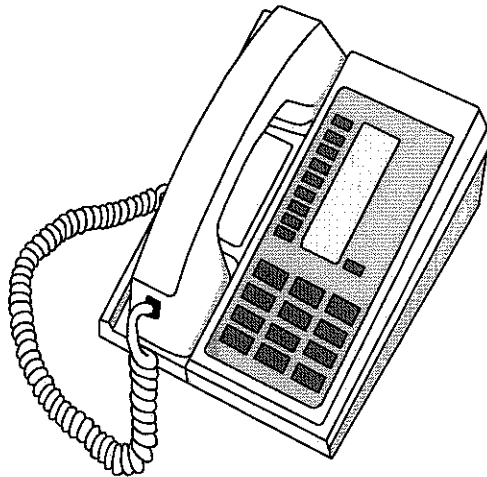
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ANNUAL REPORT
OF

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

Citizens Telecommunications Company of Montana
Year ended December 31, 2008

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, 2008 through December 31, 2008

Signature: 
Name & Title: Jessica Matushek, Senior Manager

General Information

Year: 2008

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:	Frontier Communications Corporation 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 3 High Ridge Park, Stamford, CT. 06905	None
2	Mary Agnes Wilderotter 3 High Ridge Park, Stamford, CT. 06905	None
3	Daniel J. McCarthy 3 High Ridge Park, Stamford, CT. 06905	None
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18	Chairman of the Board:	
19	Mary A. Wilderotter	
20		

Officers

Year: 2008

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 Agnes Wilderotter
2	President & C.O.O.		Daniel J. McCarthy
3	V.P. & C.F.O.		Donald R. Shassian
4	V.P. & C.A.O.		Robert J. Larson
5	V.P. General Counsel & Sec'ty		Hilary E. Glassman
6	V.P. & Treasurer		David R. Whitehouse
7	V.P Engineering		Michael Golob
8	V.P. Regulatory		Kenneth Mason
9	V.P. Marketing		Peter B. Hayes
10	Assistant Secretary		David G Schwartz
11	Assistant Secretary		Gregg C. Sayre
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Total Company Balance Sheet

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	8,557	6,546
3	1180	Telecommunications Accounts Receivable - Net	490,323	446,400
4	1190	Other Accounts Receivable - Net	389,568	446,389
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	17,066	8,926
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	905,514	908,261
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	(561,355)	(2,638,672)
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	2,232	2,726
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	(559,123)	(2,635,946)
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	29,896,678	29,166,049
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	1,358,491	210,163
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	(21,084,371)	(19,703,262)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(9,226,110)	(8,794,223)
39		Net Property, Plant, & Equipment	15,564,655	15,498,694
40		TOTAL ASSETS	15,911,047	13,771,010

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	675,466	141,518
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	205,888	190,902
45	4040	Customer Deposits	(10,074)	(8,069)
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	217,806	226,854
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	14,027	15,341
53	4130	Other Current Liabilities		
54		Total Current Liabilities	1,103,113	566,546
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	4,967,275	4,873,553
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	228,039	191,566
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	5,195,314	5,065,119
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	9,611,620	8,138,345
79		Total Stockholders' Equity	9,612,620	8,139,345
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	15,911,047	13,771,010

Total Company Income Statement

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,483,325	2,390,324
3	5080	Network Access Revenues	3,748,216	3,758,637
4	* 5100	Long Distance Message Revenue	1,445	(759)
5	^ 5110	Unidirectional Long Distance Revenue	1,445	(759)
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	216,704	181,280
10	^ 5230	Directory Revenue	32,110	31,652
11	^ 5240	Rent Revenue	7,980	11,361
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	33,222	27,992
14	^ 5270	Carrier Billing and Collection Revenue	143,392	110,275
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	56,883	32,442
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	6,392,807	6,297,040
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	86	2,049
20	6120	General Support Expense	355,644	293,536
21	6210	Central Office Switching Expense	106,883	102,379
22	6220	Operator Systems Expense	2,430	2,084
23	6230	Central Office Transmission Expense	104,475	128,104
24	6310	Information Origination/Termination Expense	7,547	15,538
25	* 6410	Cable and Wire Facilities Expense	438,179	419,850
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	86	3
29	6530	Network Operations Expense	361,749	434,625
30	6540	Access Expense	285,169	238,838
31	6560	Depreciation and Amortization Expense	2,010,077	1,997,644
32	6610	Marketing	224,337	190,949
33	6620	Services	308,440	377,117
34	6710	Executive and Planning	51,499	62,824
35	6720	General and Administrative	276,885	245,571
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	4,533,486	4,511,110
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,364,198	1,193,373
40		Net Operating Income (L.17-L.37+L.38-L.39)	495,123	592,557
41	7300	Nonoperating Income and Expense	13,923	4,905
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	4,771	437
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(969,002)	(652,273)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	1,473,276	1,249,298

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2008

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: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,483,325	2,390,324
3	5080	Network Access Revenues	1,080,885	1,213,857
4	* 5100	Long Distance Message Revenue	1,445	(759)
5	^ 5110	Unidirectional Long Distance Revenue	1,445	(759)
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	138,398	115,871
10	^ 5230	Directory Revenue	32,110	31,652
11	^ 5240	Rent Revenue	7,980	11,361
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	33,222	27,992
14	^ 5270	Carrier Billing and Collection Revenue	65,086	44,866
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	56,883	32,442
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	3,647,170	3,686,852
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	57	2,005
20	6120	General Support Expense	235,401	193,059
21	6210	Central Office Switching Expense	70,746	67,335
22	6220	Operator Systems Expense	1,609	1,370
23	6230	Central Office Transmission Expense	69,152	84,254
24	6310	Information Origination/Termination Expense	4,995	10,219
25	* 6410	Cable and Wire Facilities Expense	290,031	276,135
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	56	2
29	6530	Network Operations Expense	236,295	283,376
30	6540	Access Expense	215,845	172,322
31	6560	Depreciation and Amortization Expense	1,442,833	1,021,395
32	6610	Marketing	132,740	112,984
33	6620	Services	230,682	269,563
34	6710	Executive and Planning	34,726	42,275
35	6720	General and Administrative	186,704	165,245
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	3,151,870	2,701,539
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	891,094	778,079
40		Net Operating Income (L.17-L.37+L.38-L.39)	(395,794)	207,234

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,483,325	2,390,324
3	5080	Network Access Revenues	1,080,885	1,213,857
4	* 5100	Long Distance Message Revenue	1,445	(759)
5	^ 5110	Unidirectional Long Distance Revenue	1,445	(759)
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	138,398	115,871
10	^ 5230	Directory Revenue	32,110	31,652
11	^ 5240	Rent Revenue	7,980	11,361
12	^ 5250	Corporate Operations Revenue		27,992
13	^ 5260	Miscellaneous Revenue	33,222	44,866
14	^ 5270	Carrier Billing and Collection Revenue	65,086	33,627
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	56,883	32,442
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	3,647,170	3,686,852
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	49	1,693
20	6120	General Support Expense	213,043	171,922
21	6210	Central Office Switching Expense	70,746	67,335
22	6220	Operator Systems Expense	1,609	1,370
23	6230	Central Office Transmission Expense	68,151	77,270
24	6310	Information Origination/Termination Expense	200	680
25	* 6410	Cable and Wire Facilities Expense	290,031	276,135
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	52	2
29	6530	Network Operations Expense	231,833	280,087
30	6540	Access Expense	211,376	168,735
31	6560	Depreciation and Amortization Expense	1,422,359	1,004,724
32	6610	Marketing	60,128	49,435
33	6620	Services	192,013	219,831
34	6710	Executive and Planning	31,019	37,598
35	6720	General and Administrative	167,595	147,164
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	2,960,204	2,503,981
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	740,353	705,324
40		Net Operating Income (L.17-L.37+L.38-L.39)	(53,387)	477,547

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	29,531,364	28,866,542
2	3100	Accumulated Depreciation	20,393,817	18,965,314
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	12,996	12,333
6	4340	Noncurrent Deferred Operating Income Taxes	4,920,414	4,872,703
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)	4,230,129	5,040,859

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	19,289,887	18,820,985
2	3100	Accumulated Depreciation	13,423,210	12,500,038
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	9,628	9,138
6	4340	Noncurrent Deferred Operating Income Taxes	2,100,033	2,079,182
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)	3,776,272	4,250,903

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	18,969,675	18,476,561
2	3100	Accumulated Depreciation	13,423,210	12,500,038
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	9,469	8,971
6	4340	Noncurrent Deferred Operating Income Taxes	1,888,139	1,887,066
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)	3,667,794	4,098,429

Statement of Cash Flows

Year: 2008

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		1,473,276
4	Reconciliation Adjustments:	1,812,995	
5	Depreciation & Amortization		
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	93,722	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	12,899	
11	Change in Materials, Supplies & Inventories - Net	(8,140)	
12	Change in Operating Payables & Accrued Liabilities - Net	536,567	
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net	36,473	
15	Other (explained on back of this page)		
16	Total Adjustments		2,484,515
17	Net Cash Provided by/(Used in) Operating Activities		3,957,791
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(1,878,957)	
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates	(2,076,823)	
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		(3,955,780)
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		2,011
40	Cash & Cash Equivalents at Beginning of Period		6,546
41	Cash & Cash Equivalents at End of Period		8,557

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2008

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		517,892	(27,569)	410,861	(21,294)				(561,355)	
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30	Totals		517,892	(27,569)	410,861	(21,294)				(561,355)	

Net Plant in Service - Detail

Year: 2008

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	*	Land and Support Assets	2,499,256	151,316	(26,080)	33,638	2,658,130	1,421,335	1,236,795
2	^	Land	76,722				76,722		76,722
3	^	Motor Vehicles	313,479	108,063		33,638	455,180	165,611	289,569
4	^	Aircraft							
5	^	Special Purpose Vehicles	53,233				53,233	64,505	(11,272)
6	^	Garage Work Equipment							
7	^	Other Work Equipment	213,018	19,074			232,092	111,860	120,232
8	^	Buildings	1,737,722	24,179			1,761,901	1,024,212	737,689
9	^	Furniture	4,208				4,208	(2,658)	6,866
10	^	Office Equipment							
11	^	General Purpose Computers	100,874		(26,080)		74,794	57,805	16,989
12		Analog Electronic Switching							
13		Digital Electronic Switching	3,908,503		(80,921)		3,827,582	2,263,336	1,564,246
14		Electro-Mechanical Switching							
15		Operator Systems							
16		Radio Systems	1,442,954		(58,002)		1,384,952	1,410,280	(25,328)
17		Circuit Equipment	4,866,935	373,979	(6,166)		5,234,748	4,125,018	1,109,730
18	*	Information Orig & Term Equip	151,882		(22,134)		129,748	159,649	(29,901)
19	^	Station Apparatus							
20	^	Customer Premises Wiring							
21	^	Large Private Branch Exchanges							
22	^	Public Telephone Term. Equip.							
23	^	Other Terminal Equipment	151,882		(22,134)		129,748	159,649	(29,901)
24		Poles	635,296	8,477	(1,049)		642,724	605,043	37,681
25	*	Cable and Wire Facilities	15,467,387	360,820	(3,250)		15,824,957	10,926,027	4,898,930
26	^	Aerial Cable	2,902,464	115,612	(777)		3,017,299	3,071,144	(53,845)
27	^	Underground Cable	163,692				163,692	110,969	52,723
28	^	Buried Cable	12,401,231	245,208	(2,473)		12,643,966	7,743,914	4,900,052
29	^	Submarine Cable							
30	^	Deep Sea Cable							
31	^	Intrabuilding Network Cable							
32		Aerial Wire	45,109				45,109	101,410	(56,301)
33		Conduit Systems	148,728				148,728	72,277	76,451
34		Totals	29,166,050	894,592	(197,602)	33,638	29,896,678	21,084,375	8,812,303

^ Subaccount of the account marked with a *

Analysis of Plant Held for Future Use

Year: 2008

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book Cost of Property at End of Year (g)
1							
2							
3	none						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals	(Sum L.1 to L.29)					

Average Cost of Long Term Debt

Year: 2008

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	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	Total											

Year: 2008

Cost of Preferred Stock

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	n/a											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)											

Analysis of Common Stock

Year: 2008

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									

**Frontier Communications Corporation owns 100 shares, 100% of the outstanding common stock of CTC MT.

Capital Stock and Funded Debt Reacquired or Retired During the 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								
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	86					86
2	^	Motor Vehicle Expense	86					86
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense	20,961	5,236	30,783	298,664		355,644
8	^	Land and Building Expense	5,038	1,334	20,531	132,868		159,771
9	^	Furniture and Artworks Expense				2,931		2,931
10	^	Office Equipment Expense			10,252	4,389		14,642
11	^	General Purpose Computers Expense	15,923	3,901		158,476		178,301
12	*	Central Office Switching Expense	46,640	10,139		50,104		106,883
13	^	Analog Electronic Expense				50,104		106,883
14	^	Digital Electronic Expense	46,640	10,139				106,883
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense				2,430		2,430
17	*	Central Office Transmission Expense	73,627	15,031		15,816		104,475
18	^	Radio Systems Expense	5,532	1,197		757		7,485
19	^	Circuit Equipment Expense	68,096	13,835		15,059		96,990
20	*	Information Origination/Termination Expense	5,361	1,219		966		7,547
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense	5,361	1,219		966		7,547
25	*	Cable and Wire Facilities Expense	172,287	36,463	47,400	182,029		438,179
26	^	Poles Expense			47,400			47,400
27	^	Aerial Cable Expense	72,278	14,342		33,746		120,366
28	^	Underground Cable Expense	286	60		80		427
29	^	Buried Cable Expense	99,722	22,061		148,203		269,986
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	318,961	68,088	78,183	550,011		1,015,244

^ Subaccount of the account marked with a *.

Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^ 6441	Conduit Systems Expense						86
36	6510	Other Property Expenses	86					
37	* 6530	Network Operations Expense	191,985	47,039		122,725		361,749
38	^ 6531	Power Expense				39,881		39,881
39	^ 6532	Network Administration Expense	74,393	19,623		47,586		141,602
40	^ 6533	Testing Expense	6,074	1,521		2		7,596
41	^ 6534	Plant Operations Expense	69,811	14,909		19,155		103,875
42	^ 6535	Engineering Expense	41,706	10,987		16,102		68,795
43	6540	Access Expense				285,169		285,169
44	6561	Depreciation - Telecomm. Plant in Service				1,578,190		1,578,190
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other				431,887		431,887
49	* 6610	Marketing	55,941	11,347		157,049		224,337
50	^ 6611	Product Management	18,170	4,177		4,141		26,488
51	^ 6612	Sales	35,951	7,042		79,460		122,453
52	^ 6613	Product Advertising	1,819	128		73,448		75,395
53	6621	Call Completion Services	10,987	2,886		770		14,643
54	6622	Number Services	1,647	425		1,114		3,186
55	6623	Customer Services	200,848	46,024		43,739		290,610
56	6711	Executive	19,546	22,618		8,058		50,221
57	6712	Planning	688	148		440		1,277
58	6721	Accounting and Finance	48,828	10,097		17,120		76,045
59	6722	External Relations	17,348	4,183		19,779		41,311
60	6723	Human Relations	17,227	3,253		6,044		26,524
61	6724	Information Management	23,056	8,769		14,482		46,307
62	6725	Legal	4,825	608		13,352		18,786
63	6726	Procurement	3,566	741		(559)		3,748
64	6727	Research and Development						
65	6728	Other General and Administrative	9,540	6,491	7,826	40,308		64,165
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	925,077	232,720	86,009	3,289,680		4,533,486

^ 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						

Company Name: Citizens Telecommunications Company of Montana

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense						
36		Other Property Expenses						
37	*	Network Operations Expense						
38	^	Power Expense						
39	^	Network Administration Expense						
40	^	Testing Expense						
41	^	Plant Operations Expense						
42	^	Engineering Expense						
43		Access Expense						
44		Depreciation - Telecomm. Plant in Service						
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing						
50	^	Product Management						
51	^	Sales						
52	^	Product Advertising						
53		Call Completion Services						
54		Number Services						
55		Customer Services						
56		Executive						
57		Planning						
58		Accounting and Finance						
59		External Relations						
60		Human Relations						
61		Information Management						
62		Legal						
63		Procurement						
64		Research and Development						
65		Other General and Administrative						
66		Provision for Uncollectible Notes Receivable						
67		Totals						

^ Subaccount of the account marked with a *

Pension Costs

Year: 2008

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	820,404,000	780,719,000	5.08%
8	Service cost	6,005,000	9,175,000	-34.55%
9	Interest Cost	52,851,000	50,948,000	3.74%
10	Acquisition		107,047,000	
11	Curtailment Gain		(14,379,000)	
12	Actuarial (Gain)/ Loss	20,230,000	(26,524,000)	-176.27%
13	Benefits paid	(69,465,000)	(87,049,000)	-20.20%
14	Special Termination Benefits and Other	1,662,000	467,000	
15	Benefit obligation at end of year	831,687,000	820,404,000	1.38%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	822,165,000	770,182,000	6.75%
18	Actual return on plan assets	(162,924,000)	46,857,000	-447.70%
19	Acquisition		92,175,000	
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid	(69,465,000)	(87,049,000)	-20.20%
23	Fair value of plan assets at end of year	589,776,000	822,165,000	-28.27%
24	Funded Status	(241,911,000)	1,761,000	-13837.14%
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	(241,911,000)	1,761,000	-13837.14%
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate	6.50%	6.50%	
31	Expected return on plan assets	8.25%	8.25%	
32	Rate of compensation increase	3.00%	3.50%	16.67%
33	Components of Net Periodic Benefit Costs			
34	Service cost	6,005,000	9,175,000	34.55%
35	Special Termination Charge and Other	1,662,000	(13,912,000)	
36	Interest cost	52,851,000	50,948,000	-3.74%
37	Expected return on plan assets	(65,256,000)	(67,467,000)	-3.28%
38	Amortization of prior service cost	(255,000)	(255,000)	
39	Amortization of unrecognized loss	6,855,000	7,313,000	6.26%
40	Net periodic benefit cost	1,862,000	(14,198,000)	-113.11%
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	8	9	11.11%
48	Not Covered by the Plan			
49	Active	8	9	11.11%
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%	6.500%	
8 Expected return on plan assets	6.00%	6.00%	
9 Medical Cost Inflation Rate	5-9.0%	5-9.5%	
10 Actuarial Cost Method			
11 Rate of compensation increase			
12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13			
14			
15 Describe any Changes to the Benefit Plan:			
16			
17 TOTAL COMPANY			
18 Change in Benefit Obligation			
19 Benefit obligation at beginning of year	174,602,000	159,931,000	9.17%
20 Service cost	444,000	533,000	-16.70%
21 Interest Cost	11,255,000	10,241,000	9.90%
22 Plan participants' contributions	3,753,000	3,370,000	11.36%
23 Amendments	(95,000)	(1,025,000)	
24 Actuarial (Gain)/ Loss	3,917,000	15,620,000	-74.92%
25 Acquisition		996,000	-100.00%
26 Benefits paid	(15,261,000)	(15,064,000)	1.31%
27 Benefit obligation at end of year	178,615,000	174,602,000	2.30%
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year	9,369,000	11,869,000	-21.06%
30 Actual return on plan assets	388,000	815,000	-52.39%
31 Acquisition			
32 Employer contribution	9,888,000	8,380,000	18.00%
33 Plan participants' contributions			
34 Benefits paid	(11,508,000)	(11,695,000)	-1.60%
35 Fair value of plan assets at end of year	8,137,000	9,369,000	-13.15%
36 Funded Status	(170,478,000)	(165,233,000)	3.17%
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost	(170,478,000)	(165,233,000)	3.17%
40 Components of Net Periodic Benefit Costs			
41 Service cost	444,000	533,000	-16.70%
42 Interest cost	11,255,000	10,241,000	9.90%
43 Expected return on plan assets	(514,000)	(578,000)	-11.07%
44 Amortization of prior service cost	(7,751,000)	(7,735,000)	0.21%
45 Amortization of unrecognized loss	5,946,000	6,099,000	-2.51%
46 Net periodic benefit cost	9,380,000	8,560,000	9.58%
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA	8,137,000	9,369,000	-13.15%
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL	8,137,000	9,369,000	-13.15%
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: 2008

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	3,770	3,789	-0.50%
3	Not Covered by the Plan			
4	Active	1,252	1,477	-15.23%
5	Retired	2,518	2,312	8.91%
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Cccosts			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active	8	9	-11.11%
54	Retired			
55	Spouses/Dependants covered by the Plan			

Payments for Services to Persons Other Than Employees

Year: 2008

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	Holiday Greeting	79	79	79
2	Ted Bachta	Central Office Dryer Repair	2,358	2,358	2,358
3	Track Utilities, Inc.	Inspection Labor	157,435	157,435	157,435
4	Thinkengine Networks, Inc	Hard Disc Drive & Labor	4,206	4,206	4,206
5	C4 Direct Solutions LLC	Door to Door Sales	1,430	1,430	1,430
6	Mountain LTD	Contract Labor	1,050	1,050	1,050
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
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41					
42					
43					
44					
45					
46					
47					
48					
49	Total		166,559	166,559	166,559

Subscriber Line Usage Data

Year: 2008

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	30,456,218	68.77%	29,834,890	69.46%
3	Interstate, IntraLATA	1,602,131	3.62%	1,469,673	3.42%
4	Total Interstate Usage	32,058,349	72.38%	31,304,563	72.88%
5	Intrastate, InterLATA	8,819,232	19.91%	9,180,411	21.37%
6	Intrastate, IntraLATA	3,412,054	7.70%	2,467,968	5.75%
7	Total Intrastate Usage	12,231,286	27.62%	11,648,379	27.12%
8	Total Toll Usage	44,289,635	100.00%	42,952,942	100.00%
9	Centrex				
10	Local				
11	Total Minutes	44,289,635	100.00%	42,952,942	100.00%

Central Office and Access Line Statistics

Year: 2008

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	3,691					1,206	162	3	30	213	99.9%	5,305
2	Troy, MT	DMS-10	1,790					296	4	4	11	70	99.9%	2,175
3	Eureka, MT	DMS-10	60					41	6	3	5	24	99.9%	139
4														
5	Total Company					371								
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32														
33	Total		5541			371		1543	172	10	46	307	2.997	7619

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

Central Office and Switch Information

Year: 2008

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: 2008

Line No.	Description (a)	2009 (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	433,037
29	Total Central Office Budget (Total of Line 27 & Line 28)	433,037
30	Other Projects over \$500,000:	
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	1,182,046
42	Miscellaneous projects not over \$500,000	427,837
43	Total Construction Budget (Total of Lines 29, 41 & 42)	2,042,920

Montana Employee Counts

Year: 2008

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

PROPRIETARY COPY

Compensation of Top 10 Montana Based Employees

Year: 2008

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	45,799		34,533	80,332	78,348	2.53%
2	COMMUNICATIONS TECHNICIAN	44,776		29,789	74,565	74,073	0.66%
3	GENERAL MANAGER	65,406		2,618	68,024	8,830	670.41%
4	COMMUNICATIONS TECHNICIAN	44,338		18,632	62,970	69,078	-8.84%
5	COMMUNICATIONS TECHNICIAN	44,205		18,624	62,829	64,927	-3.23%
6	COMMUNICATIONS TECHNICIAN	46,824		9,995	56,819	14,743	285.40%
7	COMMUNICATIONS TECHNICIAN	43,779		10,654	54,433	60,091	-9.42%
8	CUSTOMER CARE REPRESENTATIVE	30,849		15,464	46,313	41,920	10.48%
9	CUSTOMER CARE REPRESENTATIVE	11,029		19,107	30,136	43,492	-30.71%
10							
11	Totals (Sum L.1 to L.10)	377005		159416	536421	455501	17.77%

NON - PROPRIETARY COPY

Compensation of Top 10 Montana Based Employees

Year: 2008

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	45,799		34,533	80,332	78,348	2.53%
2	COMMUNICATIONS TECHNICIAN	44,776		29,789	74,565	74,073	0.66%
3	GENERAL MANAGER	65,406		2,618	68,024	8,830	670.41%
4	COMMUNICATIONS TECHNICIAN	44,338		18,632	62,970	69,078	-8.84%
5	COMMUNICATIONS TECHNICIAN	44,205		18,624	62,829	64,927	-3.23%
6	COMMUNICATIONS TECHNICIAN	46,824		9,995	56,819	14,743	285.40%
7	COMMUNICATIONS TECHNICIAN	43,779		10,654	54,433	60,091	-9.42%
8	CUSTOMER CARE REPRESENTATIVE	30,849		15,464	46,313	41,920	10.48%
9	CUSTOMER CARE REPRESENTATIVE	11,029		19,107	30,136	43,492	-30.71%
10							
11	Totals (Sum L.1 to L.10)	377005		159416	536421	455501	17.77%

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: 2008

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	19,529
3	2003 - 2004	Construction Work in Progress	887
4	2005	Plant Acquisition Adjustments	9,550
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	13
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	19,950
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	49,929
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	3,647
13	6560	Depreciation & Amortization Expenses	1,443
14		Federal & State Income Taxes	891
15		Other Taxes	
16		Other Operating Expenses	1,709
17		TOTAL Operating Expenses	4,043
18		Net Operating Income	(396)
19		Other Income	
20		Other Deductions	
21		NET INCOME	(396)
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	5541
24		Business Access Lines	1677
25		PBX Access Lines	38
26		Other Access Lines	363
27		Total Number of Access Lines	7619
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	2,563

Depreciation - Montana Intrastate Regulated

Year: 2008

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	7.7%	19,367
2	2114	Special Purpose Vehicles	7.7%	
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	5.6%	7,741
5	2121	Buildings	2.9%	34,228
6	2122	Furniture	3.9%	102
7	2123.1	Office Support Equipment	4.9%	
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	9.8%	6,092
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	6.5%	182,092
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	7.1%	262,648
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%	28,876
22	2421	Aerial Cable Metallic	6.9%	146,261
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic	4.7%	5,523
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	4.8%	429,890
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%	2,349
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: 2008

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

Montana Regulatory Capital Structure & Costs

Year: 2008

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%	-6.35%	-3.21%
13	Preferred Stock			
14	Long Term Debt	49.50%	7.67%	3.80%
15	Other			
16	Total	100.00%		0.589%

Network Access - Charges and Revenues

Year: 2008

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3,748,216
2			
3	Montana - Intrastate		1,080,885
4			
5	Montana - Intrastate Regulated		1,080,885
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Affiliate Transactions - Products & Services Provided to Utility

Year: 2008

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	112,519		112,519
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	806,068		806,068
3	Telecom Regional Services	Local Management	Fully Distributed Cost per FCC Part 64.901	263,021		263,021
4	Telecom Sector Central Services (Conversion)	Billing System Conversion	Fully Distributed Cost per FCC Part 64.901	(1,448)		(1,448)
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30	TOTAL			\$1,180,160		\$1,180,160

Affiliate Transactions - Products & Services Provided by Utility

Year: 2008

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

Montana Intrastate Regulated Earned Rate of Return

Year: 2008

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	18,969,675	18,476,561	2.67%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(13,423,210)	(12,500,038)	-7.39%
5	Plant in Service	5,546,465	5,976,523	-7.20%
6				
7	Additions			
8	1220 Materials & Supplies	9,469	8,971	5.54%
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions	9,469	8,971	5.54%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	1,888,139	1,887,066	0.06%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	1,888,139	1,887,066	0.06%
20	TOTAL Rate Base	3,667,794	4,098,429	-10.51%
21				
22	Net Earnings	(53,387)	477,547	-111.18%
23				
24	Rate of Return on Average Rate Base	-1.456%	11.652%	-112.49%
25				
26	Rate of Return on Average Equity	-10.400%	15.555%	-166.86%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30	4340 Remove Deferred Income Taxes related to Telecom	(1,351,494)	(1,325,683)	
31	Plant Adjustment (TPA)			
32				
33	Comp Tax Rate @ 39.39% w/interest expense adjustment	82,947	89,379	-7.20%
34				
35				
36				
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41				
42				
43	Adjusted Rate of Return on Average Rate Base	0.59%	10.45%	-94.36%
44				
45	Adjusted Rate of Return on Average Equity	-6.35%	13.18%	-148.19%

Other Taxes Paid

Year: 2008

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Retail telecommunications Excise Tax	69,396	63,944
2	Montana Public Service Commission Tax	4,730	6,295
3	Montana Consumer Counsel Tax	796	2,658
4	911 Emergency Telephone Fee	59,549	77,922
5	Montana Telecommunications Access Service (TDD)	7,890	7,729
6	Real Property Tax	401,920	392,263
7			
8			
9			
10			
11			
12	Total	544,282	550,811

SCHEDULE 37

Universal Service Funds Received

Year: 2008

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	1,014,531	939,822
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	1,014,531	939,822