

YEAR ENDING _____ 2008

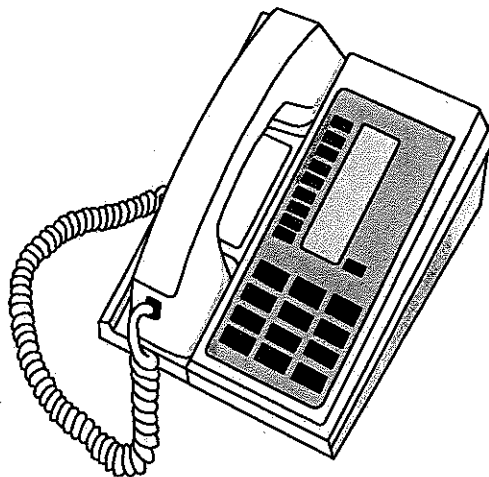
ANNUAL REPORT
OF

Lincoln Telephone Company, Inc.

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PUBLIC SERVICE
COMMISSION

TELEPHONE UTILITY



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

Telephone Annual Report

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General Information

Year: 2008

1.	Legal Name of Respondent:	Lincoln Telephone Company, Inc.
2.	Name Under Which Respondent Does Business:	Lincoln Telephone Company, Inc.
3.	Date of Incorporation:	1921
4.	Address to send Correspondence Concerning Report:	111 Stemple Pass Road Lincoln, MT 59639
5.	Person Responsible for This Report:	Ken Lumpkin
5a.	Telephone Number:	406/362-4216
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:	
1b.	Means by which control was held:	
1c.	Percent Ownership:	

Board of Directors			
Line No.	Name of Director and Address (City, State)		Fees Paid During Year
	(a)		(b)
1	George Didriksen	Box 1556 East Helena, MT 596635	350
2	Edward Grady	9768 Lincoln Rd West Canyon Creek, MT 59633	1400
3	Dick Haines	5935 St. Francis Missoula, MT 59802	1400
4	Tim Mulcare	225 Brookfield Helena, MT 59602	1400
5	Robert Orr	Box 1 Lincoln, MT 59639	1400
6	Sheldon Stoner	44 Wonder Rd Clancy, MT 59634	700
7			
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17			
18	Chairman of the Board:	Robert Orr	
19			
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	President	Company	Robert Orr
2			111 Stemple Pass Road
3			Lincoln, MT 59639
4			
5	Vice-President	Company	Dick Haines
6			111 Stemple Pass Road
7			Lincoln, MT 59639
8			
9	Secretary	Company	Ken Lumpkin
10			111 Stemple Pass Road
11			Lincoln, MT 59639
12			
13	Treasurer	Company	Ken Lumpkin
14			111 Stemple Pass Road
15			Lincoln, MT 59639
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Total Company Balance Sheet

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	284,306	267,219
3	1180	Telecommunications Accounts Receivable - Net	87,630	78,439
4	1190	Other Accounts Receivable - Net	119,340	135,201
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	38,108	24,117
8	* 1280	Prepayments	13,197	2,227
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance	13,197	2,227
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets		
15		Total Current Assets	542,581	507,203
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	965,851	874,938
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	965,851	874,938
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	6,678,478	6,409,025
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term		
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(4,364,906)	(4,003,837)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		Net Property, Plant, & Equipment	2,313,572	2,405,188
40		TOTAL ASSETS	3,822,004	3,787,329

^ 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	18,797	30,584
43	4020	Notes Payable		
44	4030	Advance Billing and Payments		
45	4040	Customer Deposits	3,150	2,550
46	4050	Current Maturities - Long Term Debt	41,924	63,114
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	24,429	22,739
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities		
53	4130	Other Current Liabilities		
54		Total Current Liabilities	88,300	118,987
55		LONG-TERM DEBT:		
56	4210	Funded Debt	835,712	871,038
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	835,712	871,038
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities	1,393,075	1,337,448
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	222,674	199,599
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	1,615,749	1,537,047
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	2,450	2,450
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock	(2,240)	(2,240)
77	4540	Other Capital		
78	4550	Retained Earnings	1,282,033	1,260,047
79		Total Stockholders' Equity	1,282,243	1,260,257
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	3,822,004	3,787,329

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	236,831	240,818
3	5080	Network Access Revenues	949,325	809,349
4	* 5100	Long Distance Message Revenue	14,272	11,576
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	14,272	11,576
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	198,156	170,219
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	197,247	168,263
14	^ 5270	Carrier Billing and Collection Revenue	909	1,956
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	1,081	(25,053)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	1,397,503	1,257,015
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense	33,441	32,343
21	6210	Central Office Switching Expense	299,027	343,345
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	8,889	8,000
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	81,331	139,664
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense	81,331	139,664
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		35,279
30	6540	Access Expense	30,890	
31	6560	Depreciation and Amortization Expense	315,695	268,432
32	6610	Marketing		
33	6620	Services	175,987	159,352
34	6710	Executive and Planning	68,163	90,499
35	6720	General and Administrative	246,923	218,215
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	1,260,346	1,295,129
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	44,979	(14,999)
40		Net Operating Income (L.17-L.37+L.38-L.39)	92,178	(23,115)
41	7300	Nonoperating Income and Expense		
42	7400	Nonoperating Taxes	52,038	95,659
43	7500	Interest and Related Items	4,858	11,042
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(157,153)	(216,462)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	192,435	86,646

^ 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:	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		
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 Regulated Income Statement

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:	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 *.

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	6678478	6409025
2	3100	Accumulated Depreciation	4364906	4003837
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	38108	24117
6	4340	Noncurrent Deferred Operating Income Taxes	222674	199599
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)	2129006	2229706

Average Rate Base - Intrastate

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

Average Rate Base - Regulated Intrastate

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

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		192435
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	385392	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	23075	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	6729	
11	Change in Materials, Supplies & Inventories - Net	-13657	
12	Change in Operating Payables & Accrued Liabilities - Net	-4117	
13	Change in Other Assets & Deferred Credits - Net	-24889	
14	Change in Other Liabilities & Deferred Credits - Net	-22201	
15	Other (explained on back of this page)		
16	Total Adjustments		
17	Net Cash Provided by/(Used in) Operating Activities		542767
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of	-282367	
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment	4202	
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)	-93000	
25	Net Cash Provided by/(Used in) Investing Activities		-371165
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	-56516	
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid	-98000	
36	Other Financing Activities (explained on back of this page)		
37	Net Cash Provided by Financing Activities		-154516
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		17,086
40	Cash & Cash Equivalents at Beginning of Period		267220
41	Cash & Cash Equivalents at End of Period		284306

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. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	Subscribers		87630								
2											
3	ATT				13092						
4	MCI				9469						
5	NECA				24500						
6	Qwest				2294						
7	Sprint				13484						
8	World Com				3343						
9	Allnet				7980						
10	Other Carriers				45178						
11											
12											
13	MTA										1640
14	NISC										27963
15	MAIN										48057
16	Jefferson Pilot										379266
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30	Totals		87630		119340						456926

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	*	2110 Land and Support Assets	882861	20604	-9923		893542	792976	100566
2	^	2111 Land	42666				42666		42666
3	^	2112 Motor Vehicles	402862	11000	-4828		409034	378307	30727
4	^	2113 Aircraft							
5	^	2114 Special Purpose Vehicles							
6	^	2115 Garage Work Equipment							
7	^	2116 Other Work Equipment	53110	4614			57724	53110	4614
8	^	2121 Buildings	220983				220983	220983	
9	^	2122 Furniture							
10	^	2123 Office Equipment	39492	4990	-5095		39387	23920	15467
11	^	2124 General Purpose Computers	123748				123748	116656	7092
12		2211 Analog Electronic Switching							
13		2212 Digital Electronic Switching							
14		2215 Electro-Mechanical Switching	2029568	115508			2145076	1694845	450231
15		2220 Operator Systems							
16		2231 Radio Systems	26297				26297	26297	
17		2232 Circuit Equipment	71836				71836	71836	
18	*	2310 Information Orig & Term Equip	17293				17293	17293	
19	^	2311 Station Apparatus							
20	^	2321 Customer Premises Wiring							
21	^	2341 Large Private Branch Exchanges							
22	^	2351 Public Telephone Term. Equip.	17293				17293	17293	
23	^	2362 Other Terminal Equipment							
24		2411 Poles							
25	*	2420 Cable and Wire Facilities	3370788	143262			3514050		3514050
26	^	2421 Aerial Cable	267				267	267	
27	^	2422 Underground Cable							
28	^	2423 Buried Cable	3370521	143262			3513783	1751008	1762775
29	^	2424 Submarine Cable							
30	^	2425 Deep Sea Cable							
31	^	2426 Intrabuilding Network Cable							
32		2431 Aerial Wire	10384				10384	10384	
33		2441 Conduit Systems							
34		Totals	6409027	279374	-9923		6678478	4364906	2313572

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

Average Cost of Long Term Debt

Year: 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	USDA/REA	1979	2014	1119000				218707		4638		2.12%
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Total			1119000				218707		4638		2.12%

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

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) Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:	98	21599	1964	1000	96.40%	Stock Not Publically Traded	
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								

Capital Stock and Funded Debt Recquired or Retired During the Year

Year: 2008

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)	
1	NONE							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30	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						
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 *

Company Name: Lincoln Telephone Company, Inc.

SCHEDULE 17
Page 2 of 2
Year: 2008

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	^	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 *.

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						
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 - 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			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	Funded Status			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:			
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			
48	Not Covered by the Plan			
49	Active			
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			
8	Expected return on plan assets			
9	Medical Cost Inflation Rate			
10	Actuarial Cost Method			
11	Rate of compensation increase			
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13				
14				
15	Describe any Changes to the Benefit Plan:			
16				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			
19	Benefit obligation at beginning of year			
20	Service cost			
21	Interest Cost			
22	Plan participants' contributions			
23	Amendments			
24	Actuarial Gain			
25	Acquisition			
26	Benefits paid			
27	Benefit obligation at end of year			
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year			
30	Actual return on plan assets			
31	Acquisition			
32	Employer contribution			
33	Plan participants' contributions			
34	Benefits paid			
35	Fair value of plan assets at end of year			
36	Funded Status			
37	Unrecognized net actuarial loss			
38	Unrecognized prior service cost			
39	Prepaid (accrued) benefit cost			
40	Components of Net Periodic Benefit Costs			
41	Service cost			
42	Interest cost			
43	Expected return on plan assets			
44	Amortization of prior service cost			
45	Recognized net actuarial loss			
46	Net periodic benefit cost			
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA			
49	Amount Funded through 401(h)			
50	Amount Funded through Other _____			
51	TOTAL			
52	Amount that was tax deductible - VEBA			
53	Amount that was tax deductible - 401(h)			
54	Amount that was tax deductible - Other _____			
55	TOTAL			

Other Post Employment Benefits (OPEBS) Continued

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan			
3	Not Covered by the Plan			
4	Active			
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
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			
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					
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					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total				

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	3827336	69.75%	4550392	77.09%
3	Interstate, IntraLATA				
4	Total Interstate Usage	3827336	69.75%	4550392	77.09%
5	Intrastate, InterLATA				
6	Intrastate, IntraLATA	1659846	30.25%	1352581	22.91%
7	Total Intrastate Usage	1659846	30.25%	1352581	22.91%
8	Total Toll Usage	5487182	100.00%	5902973	100.00%
9	Centrex				
10	Local				
11	Total Minutes	5487182	100.00%	5902973	100.00%

Year: 2008

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifeline Customers (f)	Residential LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	LINCOLN	DIGITAL	681			16		61	130	8		24		904
2														
3	CANYON CREEK	DIGITAL	142					4	2		1	4		153
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														
31														
32														
33	Total		823			16		65	132	8	1	28		1057

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	LINCOLN	HOST	DIGITAL	NORTHERN TELECOM	DMS 10	10,000	1985
2							
3	CANYON CREEK	REMOTE	DIGITAL	NORTHERN TELECOM	RSLM	1,296	1986
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
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42							
43							
44							
45							
46							
47							
48							

Construction Budget - Montana

Year: 2008

Line No.	Description (a)	(b)
1	Central Office Assets:	
2		
3	Software Upgrades	100000
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	
29	Total Central Office Budget (Total of Line 27 & Line 28)	
30	Other Projects over \$500,000:	
31		
32	Buried Plant Additions	200000
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	
43	Total Construction Budget (Total of Lines 29, 41 & 42)	

Montana Total State Construction Expenditures

Line No.	FCC Part 32 Account No. (a)	Description (b)	This Year (c)	Last Year (d)	Percent Change (e)
1	2110	General Support Assets	20604	46965	-56.13%
2	2210	Central Office Assets	115508	33322	246.64%
3	2220	Operator Systems			
4	2230	Central Office Transmission			
5	2310	Information/Termination Assets			
6	2410	Cable and Wire Facilities Assets	143262	136583	4.89%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		Total Construction Expenditures	279374	216870	28.82%

Montana Employee Counts

Year: 2008

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	MANAGER	1	1
2	ASSISTANT MANAGER	1	1
3	COMMERCIAL CLERK	2	2
4	COMBINATION TECHNICIAN	2	2
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
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20			
21			
22			
23			
24			
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29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43	Totals (Sum of Lines 1 through 42)	6	6

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							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11	Totals (Sum L.1 to L.10)						

Compensation of Top 5 Corporate Employees - SEC Information

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	Please See Schedule 27						
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	6678478
3	2003 - 2004	Construction Work in Progress	
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	38108
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-4364906
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	2351680
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	1397503
13	6560	Depreciation & Amortization Expenses	315695
14		Federal & State Income Taxes	5160
15		Other Taxes	39819
16		Other Operating Expenses	944651
17		TOTAL Operating Expenses	1305325
18		Net Operating Income	92178
19		Other Income	100257
20		Other Deductions	
21		NET INCOME	192435
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	823
24		Business Access Lines	206
25		PBX Access Lines	
26		Other Access Lines	28
27		Total Number of Access Lines	1057
28		Average Number of Calls Per Access Line	
29		Local Calls	
30		Toll Calls (Intra- or Interstate)	
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30)	
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	
34		Gross Plant Investment per Access Line	

Depreciation - Montana Intrastate Regulated

Year: 2008

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	15.8%	64,574
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	15.8%	
5	2121	Buildings	7.3%	
6	2122	Furniture	7.6%	
7	2123.1	Office Support Equipment	7.6%	2,653
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	7.6%	9,405
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	7.6%	137,959
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems		
16	2232	Circuit DDS		
17	2232	Circuit Digital	7.6%	
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment	6.7%	
20	2362	Other Terminal Equipment		
21	2411	Poles	5.0%	
22	2421	Aerial Cable Metallic		
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic		
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	3.5%	100,866
27	2423	Buried Cable Nonmetallic	3.5%	
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	5.0%	238
33	2441	Conduit Systems		
34				
35		COMPOSITE TOTAL		
36	Have these rates been approved by the Commission? <input type="checkbox"/> YES <input type="checkbox"/> NO			
37				
38	If yes: _____ Docket Number _____ Order Number			
39				
40				

Amortization - Montana Intrastate Regulated

Year: 2008

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
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				
31				
32				
33				
34				
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 _____			
2	Order Number _____			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
9				
Actual at Year End				
10				
11				
12	Common Equity			
13	Preferred Stock			
14	Long Term Debt			
15	Other			
16	Total			

Network Access - Charges and Revenues

Year: 2008

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		137717
2			
3	Montana - Intrastate		
4			
5	Montana - Intrastate Regulated		137717
6			
7			
8			
9			
10			
11			
12			
13			

Affiliate Transactions - Products & Services Provided to Utility

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						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	TOTAL					

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)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	TOTAL					

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	6,678,478	6,409,025	4.20%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(4,364,906)	(4,003,837)	-9.02%
5	Plant in Service	2,313,572	2,405,188	-3.81%
6				
7	Additions			
8	1220 Materials & Supplies	38,108	24,117	58.01%
9	1280 Prepayments	13,197	2,227	492.59%
10	Other Additions			
11	TOTAL Additions	51,305	26,344	94.75%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	222,674	199,599	11.56%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	222,674	199,599	11.56%
20	TOTAL Rate Base	2,142,203	2,231,933	-4.02%
21				
22	Net Earnings	92,178	(23,115)	498.78%
23				
24	Rate of Return on Average Rate Base	4.303%	-1.036%	515.48%
25				
26	Rate of Return on Average Equity			
27				
28	Major Normalizing Adjustments & Commission			
29	Ratemaking adjustments to Utility Operations			
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	Adjusted Rate of Return on Average Rate Base			
44				
45	Adjusted Rate of Return on Average Equity			

Other Taxes Paid

Year: 2008

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax		
2	Montana Public Service Commission Tax	654	829
3	Montana Consumer Counsel Tax	221	374
4	911 Emergency Telephone Fee	8081	12644
5	Montana Telecommunications Access Service (TDD)	1283	1255
6	Montana Corporate License Tax	15	15
7	Personal Property Tax	30027	38906
8	Real Property Tax		
9			
10			
11			
12	Total	40281	54023

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	32255	5004
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	32255	5004