

General Information

Year: 2008

1	Legal Name of Respondent:	PROJECT TELEPHONE COMPANY
2	Name Under Which Respondent Does Business:	2008 APR -3 A 10:59
3	Date of Incorporation:	1978
4	Address to send Correspondence Concerning Report:	PROJECT TELEPHONE COMPANY PO BOX 600 SCOBAY, MT 59263
5	Person Responsible for This Report:	AIMEE DIETRICH
5a.	Telephone Number:	406-783-2200
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:	NEMONT TELEPHONE COOPERATIVE, INC. PO BOX 600 SCOBAY, MT 59263
	1b. Means by which control was held:	STOCK
	1c. Percent Ownership:	100%

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	ROY D NEUFELD	450
2	GARY KLIND	600
3	LARRY MAHLER	600
4	PEARL HOPKINS	150
5	MIKE MITCHELL	100
6	DUANE BROADBENT	2850
7	VERNON WHITEMAN	3300
8	CHARLES MCVEE	400
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18	Chairman of the Board: ROY D NEUFELD	
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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		ROY D NEUFELD - LARSLAN, MT
2	VICE-PRESIDENT		GARY KLIND - HINSDALE, MT
3	SEC-TREASURER		LARRY MAHLER - SCOBAY, MT
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Total Company Balance Sheet

Year: 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	2,357,388	1,477,456
3	1180	Telecommunications Accounts Receivable - Net	64,441	3,840
4	1190	Other Accounts Receivable - Net	434,178	737,820
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable	2,153	2,919
7	1220	Materials and Supplies		
8	* 1280	Prepayments	18,610	15,237
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	18,610	15,237
14	1350	Other Current Assets		
15		Total Current Assets	2,876,770	2,237,272
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	25,962,768	25,519,359
18	1402	Investments in Nonaffiliated Companies	411,331	423,601
19	1406	Nonregulated Investments		
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges		
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	26,374,099	25,942,960
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	32,589,919	31,153,356
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	431,120	491,156
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	4,395,210	4,395,210
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(18,381,279)	(17,286,904)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(4,259,924)	(3,989,353)
39		Net Property, Plant, & Equipment	14,775,046	14,763,465
40		TOTAL ASSETS	44,025,915	42,943,697

^ 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	134,271	386,014
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	157,500	158,017
45	4040	Customer Deposits		
46	4050	Current Maturities - Long Term Debt	819,381	1,383,277
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	112,566	96,966
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	673,434	226,210
54		Total Current Liabilities	1,897,152	2,250,484
55		LONG-TERM DEBT:		
56	4210	Funded Debt	4,290,208	5,123,962
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	4,290,208	5,123,962
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net	3,442	3,442
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	2,191,149	2,039,013
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	2,194,591	2,042,455
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	7,950	7,950
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital	74,496	
78	4550	Retained Earnings	35,561,518	33,518,846
79		Total Stockholders' Equity	35,643,964	33,526,796
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	44,025,915	42,943,697

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	2,351,914	2,451,090
3	5080	Network Access Revenues	5,906,896	5,802,033
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	78,513	158,786
10	^ 5230	Directory Revenue	16,010	17,029
11	^ 5240	Rent Revenue	10,682	9,441
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	15,995	92,925
14	^ 5270	Carrier Billing and Collection Revenue	35,826	39,391
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	125,047	12,371
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,212,276	8,399,538
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	59,536	56,146
20	6120	General Support Expense	509,995	473,721
21	6210	Central Office Switching Expense	376,232	374,231
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	560,208	374,705
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,621,175	1,482,308
26	^ 6431	Aerial Wire Expense	1,616,543	1,474,808
27	^ 6441	Conduit Systems Expense	4,632	7,500
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	452,894	432,458
30	6540	Access Expense	107,176	127,385
31	6560	Depreciation and Amortization Expense	1,877,663	1,779,568
32	6610	Marketing	37,741	35,447
33	6620	Services	354,634	373,129
34	6710	Executive and Planning	48,012	60,958
35	6720	General and Administrative	345,912	302,427
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,351,178	5,872,483
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	618,761	714,011
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,242,337	1,813,044
41	7300	Nonoperating Income and Expense	1,603,749	2,040,758
42	7400	Nonoperating Taxes	155,455	54,890
43	7500	Interest and Related Items	317,450	394,590
44	7600	Extraordinary Items	509	(15,242)
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	2,372,672	3,419,564

^ 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:		
2	5000	Basic Local Service Revenues	2,287,513	2,387,277
3	5080	Network Access Revenues	5,845,174	5,750,923
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	76,600	156,992
10	^ 5230	Directory Revenue	15,363	16,563
11	^ 5240	Rent Revenue	10,682	9,442
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	15,945	92,850
14	^ 5270	Carrier Billing and Collection Revenue	34,610	38,137
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	125,047	12,371
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,084,240	8,282,821
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	59,537	56,145
20	6120	General Support Expense	501,328	466,068
21	6210	Central Office Switching Expense	367,650	368,880
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	550,264	369,287
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,576,153	1,432,075
26	^ 6431	Aerial Wire Expense	1,571,521	1,424,575
27	^ 6441	Conduit Systems Expense	4,632	7,500
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	429,288	413,386
30	6540	Access Expense	101,110	120,226
31	6560	Depreciation and Amortization Expense	1,787,131	1,696,497
32	6610	Marketing	35,605	33,455
33	6620	Services	341,708	360,543
34	6710	Executive and Planning	45,294	57,532
35	6720	General and Administrative	326,334	285,432
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,121,402	5,659,526
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	605,158	699,348
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,357,680	1,923,947

^ 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	2,287,513	2,387,277
3	5080	Network Access Revenues	5,845,174	5,750,923
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	76,600	156,992
10	^ 5230	Directory Revenue	15,363	16,563
11	^ 5240	Rent Revenue	10,682	9,442
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	15,945	92,850
14	^ 5270	Carrier Billing and Collection Revenue	34,610	38,137
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	125,047	12,371
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,084,240	8,282,821
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	59,537	56,145
20	6120	General Support Expense	501,328	466,068
21	6210	Central Office Switching Expense	367,650	368,880
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	550,264	369,287
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,576,153	1,432,075
26	^ 6431	Aerial Wire Expense	1,571,521	1,424,575
27	^ 6441	Conduit Systems Expense	4,632	7,500
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	429,288	413,386
30	6540	Access Expense	101,110	120,226
31	6560	Depreciation and Amortization Expense	1,787,131	1,696,497
32	6610	Marketing	35,605	33,455
33	6620	Services	341,708	360,543
34	6710	Executive and Planning	45,294	57,532
35	6720	General and Administrative	326,334	285,432
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,121,402	5,659,526
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	605,158	699,348
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,357,680	1,923,947

^ 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	2,287,513	2,387,277
3	5080	Network Access Revenues	5,845,174	5,750,923
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	76,600	156,992
10	^ 5230	Directory Revenue	15,363	16,563
11	^ 5240	Rent Revenue	10,682	9,442
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	15,945	92,850
14	^ 5270	Carrier Billing and Collection Revenue	34,610	38,137
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	125,047	12,371
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,084,240	8,282,821
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	59,537	56,145
20	6120	General Support Expense	501,328	466,068
21	6210	Central Office Switching Expense	367,650	368,880
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	550,264	369,287
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,576,153	1,432,075
26	^ 6431	Aerial Wire Expense	1,571,521	1,424,575
27	^ 6441	Conduit Systems Expense	4,632	7,500
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	429,288	413,386
30	6540	Access Expense	101,110	120,226
31	6560	Depreciation and Amortization Expense	1,787,131	1,696,497
32	6610	Marketing	35,605	33,455
33	6620	Services	341,708	360,543
34	6710	Executive and Planning	45,294	57,532
35	6720	General and Administrative	326,334	285,432
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,121,402	5,659,526
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	605,158	699,348
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,357,680	1,923,947

^ 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	30490311	29146177
2	3100	Accumulated Depreciation	17702556	20606608
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)	12787755	8539569

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	30490311	29146177
2	3100	Accumulated Depreciation	17702556	20606608
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)	12787755	8539569

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	30490311	29146177
2	3100	Accumulated Depreciation	17702556	20606608
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)	12787755	8539569

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		
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	Information available in the	
6	Provision for Accounts Receivable Losses	2008 audit reports.	
7	Deferred Income Taxes - Net		
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net		
11	Change in Materials, Supplies & Inventories - Net		
12	Change in Operating Payables & Accrued Liabilities - Net		
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net		
15	Other (explained on back of this page)		
16	Total Adjustments		
17	Net Cash Provided by/(Used in) Operating Activities		
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)		
25	Net Cash Provided by/(Used in) Investing Activities		
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		
40	Cash & Cash Equivalents at Beginning of Period		33518846
41	Cash & Cash Equivalents at End of Period		35561518

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	Nemont Communications										
2	NRUCFC	2000000								24427897	
3	AT&T				29478						
4	QWEST				87						
5	NCRPC				692						
6	NECA				277559						
7	Misc LD Carriers				63654						
8	RTFC										
9	Capital Credits										55722
10	NCRPC Stock										344495
11	Misc Memberships										10000
12	Lifeline-USAC										1114
13											
14											
15											
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23											
24											
25											
26											
27											
28											
29											
30	Totals	2000000			396469				2153	24427897	411331

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	3283603	1140535	246276		4177862		4177862
2	^	2111 Land	94882				94882		94882
3	^	2112 Motor Vehicles	785210	310896	231722		864384	334551	529833
4	^	2113 Aircraft							
5	^	2114 Special Purpose Vehicles	322702	27237	2054		347885	315492	32393
6	^	2115 Garage Work Equipment							
7	^	2116 Other Work Equipment	345983	44650	12500		378133	268427	109706
8	^	2121 Buildings	1672771	725878			2398649	938316	1460333
9	^	2122 Furniture	11059	3450			14509	9127	5382
10	^	2123 Office Equipment	50996	28424			79420	54914	24506
11	^	2124 General Purpose Computers							
12		2211 Analog Electronic Switching							
13		2212 Digital Electronic Switching	5390710	130258	49874	-571	5470523	5220567	249956
14		2215 Electro-Mechanical Switching							
15		2220 Operator Systems							
16		2231 Radio Systems	259275	26424	128036		157663	29524	128139
17		2232 Circuit Equipment	4605047	336302	84083	571	4857837	2232993	2624844
18	*	2310 Information Orig & Term Equip	12487				12487		12487
19	^	2311 Station Apparatus							
20	^	2321 Customer Premises Wiring							
21	^	2341 Large Private Branch Exchanges							
22	^	2351 Public Telephone Term. Equip.							
23	^	2362 Other Terminal Equipment	12487				12487	12487	
24		2411 Poles	64376				64376	64376	
25	*	2420 Cable and Wire Facilities	14759455	296673	81519		14974609	165467	14974609
26	^	2421 Aerial Cable	165735	3082	267		168550	165467	3083
27	^	2422 Underground Cable	158107				158107	86322	71785
28	^	2423 Buried Cable	14395410	293591	81252		14607749	7755617	6852132
29	^	2424 Submarine Cable							
30	^	2425 Deep Sea Cable	40203				40203	40203	
31	^	2426 Intrabuilding Network Cable	3748				3748	3748	
32		2431 Aerial Wire	767476	3730			771206	170426	600780
33		2441 Conduit Systems							
34		Totals	29146177	1933922	589788		30490311	17702557	12787754

^ 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												
2	TELEPHONE PLANT RUS											
3	NOTE NO											
4		1957	Feb-92	50000	50000	50000						
5	2010	1958	Mar-93	175000	175000	175000						
6	2020	1958	Jul-93	55000	55000	55000						
7	2030	1959	Nov-94	25660	25660	25660						
8	2040	1959	Nov-94	12849	12849	12849						
9	2041	1959	Nov-94	10491	10491	10491						
10	2042	1974	Nov-09	1085000	1085000	1085000		66280		5291		
11	12050	1976	Jul-11	320000	320000	320000		32829		816		
12	12060	1976	Jul-11	85000	85000	85000		30310		644		
13	12062	1978	Nov-13	571000	571000	571000		164005		9094		
14	12071	1983	Oct-18	2170000	2170000	2170000		1010080		52665		
15	12080	1983	Oct-18	3019000	3019000	3019000		1451288		75653		
16	12090	1983	Oct-18	1376000	1376000	1376000		692439		36085		
17	12091	1983	Oct-18	511000	511000	511000		351576		17961		
18	12092											
19												
20												
21	INTEREST ON PREPAYMENTS											
22								-10926				
23	PREPAYMENTS-DR.									-530		
24												
25	TELE PLANT RUS	1984		3202500	3202500	3202500		1118120		83146		
26												
27	TELEPHONE PLANT RTFC			8886287	8886287	8441973		203587		34201		
28												
29												
30	Total			21554787	21554787	21110473	97.94	5109588		315026		6.17%

Cost of Preferred Stock

Year: 2008

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	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)											

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:								
2									
3	N/A								
4									
5									
6									
7									
8	Month by Month Data:								
9	January								
10	February								
11	March								
12	April								
13	May								
14	June								
15	July								
16	August								
17	September								
18	October								
19	November								
20	December								
21									
22									
23									

Capital Stock and Funded Debt reacquired or Retired During the Year

Year: 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	19041	10516	5232	232738	-207990	59537
2	^	Motor Vehicle Expense	19009	10499		189430	-207990	10948
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense				5095		5095
5	^	Garage Work Equipment Expense			5232	20952		26184
6	^	Other Work Equipment Expense	32	17		17261		17310
7	*	General Support Expense	83322	47221	273419	106033		509995
8	^	Land and Building Expense	57694	30913	212879	78840		380326
9	^	Furniture and Artworks Expense			6456	5550		12006
10	^	Office Equipment Expense	157	83	35556	5441		41237
11	^	General Purpose Computers Expense	25471	16225	18528	16202		76426
12	*	Central Office Switching Expense	164096	96461		115675		376232
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	49734	29798	140734	339943		560209
18	^	Radio Systems Expense	1660	937		393		2990
19	^	Circuit Equipment Expense	48074	28861	140734	339550		557219
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	491981	304681	502636	321876		1621174
26	^	Poles Expense	275	132	23100	100		23607
27	^	Aerial Cable Expense	19690	13265		10012		42967
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense	472016	291284	479264	307404		1549968
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	808,174	488,677	921,749	1,111,905	(207,990)	3122515

^ 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			272	4360		4632
36	6510	Other Property Expenses	21995	12293		1900	-36188	
37	* 6530	Network Operations Expense	231294	148494		162669	-89563	452894
38	^ 6531	Power Expense				82041		82041
39	^ 6532	Network Administration Expense				22963		22963
40	^ 6533	Testing Expense	7994	6210		497		14701
41	^ 6534	Plant Operations Expense	146140	94332		16419	-54636	202255
42	^ 6535	Engineering Expense	77160	47952		40749	-34927	130934
43	6540	Access Expense				107176		107176
44	6561	Depreciation - Telecomm. Plant in Service				1607092		1607092
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	* 6610	Marketing	9857	6030		270571		270571
50	^ 6611	Product Management				21854		37741
51	^ 6612	Sales				11200		11200
52	^ 6613	Product Advertising	9857	6030		10654		26541
53	6621	Call Completion Services				403		403
54	6622	Number Services				1006		1006
55	6623	Customer Services	89530	58205		205488		353223
56	6711	Executive	4131	2804		41078		48013
57	6712	Planning						
58	6721	Accounting and Finance	34716	19787		64125		118628
59	6722	External Relations	18553	11351		82788		112692
60	6723	Human Relations	1717	1319		10028		13064
61	6724	Information Management						
62	6725	Legal				11060		11060
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative	8480	5137		76851		90468
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	1,228,447	754,097	922,021	3,780,354	(333,741)	6351178

^ 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	* 6110	Network Support Expense	19041	10516	5232	232738	-207990	59537
2	^ 6112	Motor Vehicle Expense	19009	10499		189430	-207990	10948
3	^ 6113	Aircraft Expense				5095		5095
4	^ 6114	Special Purpose Vehicles Expense			5232	20952		26184
5	^ 6115	Garage Work Equipment Expense				17261		17310
6	^ 6116	Other Work Equipment Expense	32	17		105702		508667
7	* 6120	General Support Expense	83322	47221	272422	78509		378998
8	^ 6121	Land and Building Expense	57694	30913	211882	5550		12006
9	^ 6122	Furniture and Artworks Expense			6456	5441		41237
10	^ 6123	Office Equipment Expense	157	83	35556	16202		76426
11	^ 6124	General Purpose Computers Expense	25471	16225	18528	114225		367650
12	* 6210	Central Office Switching Expense	159299	94126				
13	^ 6211	Analog Electronic Expense				114225		367650
14	^ 6212	Digital Electronic Expense						
15	^ 6215	Electro-Mechanical Expense						
16	^ 6220	Operator Systems Expense						
17	* 6230	Central Office Transmission Expense	45586	27591	140734	336353		550264
18	^ 6231	Radio Systems Expense	1660	937		393		2990
19	^ 6232	Circuit Equipment Expense	43926	26654	140734	335960		547274
20	* 6310	Information Origination/Termination Expense						
21	^ 6311	Station Apparatus Expense						
22	^ 6341	Large Private Branch Exchange Expense						
23	^ 6351	Public Telephone Terminal Equipment Exp.						
24	^ 6362	Other Terminal Equipment Expense						
25	* 6410	Cable and Wire Facilities Expense	470845	293495	502636	309176		1576152
26	^ 6411	Poles Expense	275	132	23100	100		23607
27	^ 6421	Aerial Cable Expense	19690	13265		10012		42967
28	^ 6422	Underground Cable Expense						
29	^ 6423	Buried Cable Expense			479264	294704		1504946
30	^ 6424	Submarine Cable Expense	450880	280098				
31	^ 6425	Deep Sea Cable Expense						
32	^ 6426	Intrabuilding Network Cable Expense						
33	^ 6431	Aerial Wire Expense						
34		Subtotals	778,093	472,949	920,752	1,093,834	(207,990)	3057638

^ Subaccount of the account marked with a *

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^ 6441	Conduit Systems Expense			272	4360		4632
36	6510	Other Property Expenses	21995	12293		1900	-36188	
37	* 6530	Network Operations Expense	231294	148494		157921	-89563	448146
38	^ 6531	Power Expense				77293		77293
39	^ 6532	Network Administration Expense				22963		22963
40	^ 6533	Testing Expense	7994	6210		497		14701
41	^ 6534	Plant Operations Expense	146140	94332		16419	-54636	202255
42	^ 6535	Engineering Expense	77160	47952		40749	-34927	130934
43	6540	Access Expense				107176		107176
44	6561	Depreciation - Telecomm. Plant in Service				1516560		1516560
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other				270571		270571
49	* 6610	Marketing	9857	6030		21854		37741
50	^ 6611	Product Management						
51	^ 6612	Sales				11200		11200
52	^ 6613	Product Advertising	9857	6030		10654		26541
53	6621	Call Completion Services				403		403
54	6622	Number Services				1006		1006
55	6623	Customer Services	89530	58205		205488		353223
56	6711	Executive	4131	2804		41078		48013
57	6712	Planning						
58	6721	Accounting and Finance	34716	19787		64125		118628
59	6722	External Relations	18553	11351		82788		112692
60	6723	Human Relations	1717	1319		10028		13064
61	6724	Information Management						
62	6725	Legal				11060		11060
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative	8480	5137		76851		90468
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	1,198,366	738,369	921,024	3,667,003	(333,741)	6191021

^ Subaccount of the account marked with a *

Pension Costs

Year: 2008

1	Plan Name	NTCA SAVINGS PLAN		
2	Defined Benefit Plan?	_____		
3	Actuarial Cost Method?	_____		
4	Annual Contribution by Employer:	12% OF W-2 WAGES		
5	Is the Plan Over Funded?	_____		
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	N/A		#VALUE!
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	2181463	1922398	-11.88%
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution	146749	136681	-6.86%
21	Plan participants' contributions	127872	122384	-4.29%
22	Benefits paid			
23	Fair value of plan assets at end of year	2456084	2181463	-11.18%
24	Funded Status	2456084	2181463	-11.18%
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	2456084	2181463	-11.18%
28				
29	Weighted-average Assumptions as of Year End	N/A		
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs	N/A		
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:	N/A		
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	22	21	-4.55%
48	Not Covered by the Plan	3	2	-33.33%
49	Active	22	21	-4.55%
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	N/A		
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	N/A		
19 Benefit obligation at beginning of year			
20 Service cost			
21 Interest Cost			
22 Plan participants' contributions			
23 Amendments			
24 Actuarial Gain			
25 Acquisition			
26 Benefits paid			
27 Benefit obligation at end of year			
28 Change in Plan Assets	N/A		
29 Fair value of plan assets at beginning of year			
30 Actual return on plan assets			
31 Acquisition			
32 Employer contribution			
33 Plan participants' contributions			
34 Benefits paid			
35 Fair value of plan assets at end of year			
36 Funded Status	N/A		#VALUE!
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost			
40 Components of Net Periodic Benefit Costs	N/A		
41 Service cost			
42 Interest cost			
43 Expected return on plan assets			
44 Amortization of prior service cost			
45 Recognized net actuarial loss			
46 Net periodic benefit cost			
47 Accumulated Post Retirement Benefit Obligation	N/A		
48 Amount Funded through VEBA			
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL			
52 Amount that was tax deductible - VEBA			
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL			

Other Post Employment Benefits (OPEBS) Continued

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

Payments for Services to Persons Other Than Employees

Year: 2008

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	NISC	DATA SERVICES	216053	216053	216053
2	MTS	LEGAL SERVICES	36882	36882	36882
3	ASSOC LEGAL GROUP	LEGAL SERVICES	1061	1061	1061
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		253996	253996	253996

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	7472459	78.84%	8073255	78.30%
3	Interstate, IntraLATA	98405	1.04%	98522	0.96%
4	Total Interstate Usage	7570864	79.88%	8171777	79.25%
5	Intrastate, InterLATA	1274296	13.44%	1415358	13.73%
6	Intrastate, IntraLATA	632948	6.68%	724066	7.02%
7	Total Intrastate Usage	1907244	20.12%	2139424	20.75%
8	Total Toll Usage	9478108	100.00%	10311201	100.00%
9	Centrex				
10	Local				
11	Total Minutes	9478108	100.00%	10311201	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	ABSAROCKE	UD/DIG	1234		465	11		296				19		2014
2	BELFRY	UD/DIG	195		67	3		52				5		319
3	CLARK	RSU	255		125	1		55				1		436
4	CROW AGENCY	UD/DIG	413		93	188		518				8		1032
5	FORT SMITH	RSU	222		58	33		97				2		379
6	HUNTLEY	RSU	424		126	8		77				3		630
7	LODGE GRASS	RSU	430		45	166		78				2		555
8	POMPEYS PILLAR	RSU	74		30			23				2		129
9	SOUTH WYOLA	RSU	1					1						2
10	WORDEN	UD/DIG	673		204	12		193				17		1087
11	WYOLA	RSU	110		20	35		23				1		154
33	Total		4031		1233	457		1413				60		6737

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	ABSAROKEE	HOST	DIGITAL	NTI	DMS10-SS	1,545	1985
2	BELFRY	HOST	DIGITAL	NTI	DMS10-SS	402	1985
3	CLARK	REMOTE	DIGITAL	NTI	RSLE	352	1996
4	CROW AGENCY	HOST	DIGITAL	NTI	DMS10-SS	1,051	1994
5	FORT SMITH	REMOTE	DIGITAL	NTI	RSLE	395	1994
6	HUNTLEY	REMOTE	DIGITAL	NTI	RSLE	596	1996
7	LODGE GRASS	REMOTE	DIGITAL	NTI	RSLE	668	1994
8	WORDEN	HOST	DIGITAL	NTI	DMS10-SS	1,609	1985
9	WYOLA	REMOTE	DIGITAL	NTI	RSLE	170	1994
10	NYE	REMOTE	DIGITAL	NTI	RSLE	333	1985
11	BEEHIVE	REMOTE	DIGITAL	NTI	RSLE	151	1985
12	ROSCOE	REMOTE	DIGITAL	NTI	RSLE	251	1996
13	DEAN	REMOTE	DIGITAL	NTI	RSLE	159	1996
14							
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NOTE: Additional blank schedules are being provided for your convenience.

Construction Budget - Montana

Year: 2009

Line No.	Description (a)	2009 (b)
1	Central Office Assets:	
2		
3	Crow Agency DLC Upgrade	680272
4	Project OC48	176808
5	ADSL Growth	27984
6	DSLAM Upgrades	26500
7	Crow Agency GR303	79500
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
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21		
22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	680272
28	Miscellaneous Central Office Projects not over \$500,000	310792
29	Total Central Office Budget (Total of Line 27 & Line 28)	991064
30	Other Projects over \$500,000:	
31		
32	Absarokee Network	1175614
33	General Work Orders	450000
34	Worden to Custer Coulee Phase 2	827051
35	700 Mhz Site (1)	106000
36	ETC Belfry Silvertip	53000
37	ETC Belfry Goldfinger	53000
38		
39		
40		
41	Total Other Projects over \$500,000	2002665
42	Miscellaneous projects not over \$500,000	662000
43	Total Construction Budget (Total of Lines 29, 41 & 42)	3655729

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	1140535	218744	421.40%
2	2210	Central Office Assets	130258	151542	-14.04%
3	2220	Operator Systems			
4	2230	Central Office Transmission	362726	259310	39.88%
5	2310	Information/Termination Assets			
6	2410	Cable and Wire Facilities Assets	300403	850768	-64.69%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		Total Construction Expenditures	1933922	1480364	30.64%

Montana Employee Counts

Year: 2008

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	CENTRAL OFFICE TECH	2	3
2	COMBINATION TECH	8	8
3	CONSTRUCTION TECH	4	3
4	CUSTODIAN	3	3
5	CUSTOMER SERVICE REP	3	4
6	RIGHT OF WAY CLERK	1	1
7	PLANT SUPERVISOR	1	1
8	ENGINEER	1	1
9	MARKETING/PR SPECIALIST	1	1
10			
11			
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42			
43	Totals (Sum of Lines 1 through 42)	24	25

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	N/A						
2	Project Telephone has no employees of management status or highly paid supervisors status. Employee services are provided through service agreements with Nemont Telephone Cooperative, Inc.						
3							
4							
5							
6							
7							
8							
9							
10							
11	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	N/A						
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	30490311
3	2003 - 2004	Construction Work in Progress	431120
4	2005	Plant Acquisition Adjustments	4377115
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-21944386
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	13354160
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	8084241
13	6560	Depreciation & Amortization Expenses	1787130
14		Federal & State Income Taxes	604130
15		Other Taxes	232900
16		Other Operating Expenses	4334272
17		TOTAL Operating Expenses	6958432
18		Net Operating Income	1125809
19		Other Income	64471
20		Other Deductions	299483
21		NET INCOME	890797
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	3775
24		Business Access Lines	1357
25		PBX Access Lines	
26		Other Access Lines	60
27		Total Number of Access Lines	5192
28		Average Number of Calls Per Access Line	
29		Local Calls	4807979
30		Toll Calls (Intra- or Interstate)	5935776
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)	10743755 2069
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	45
34		Gross Plant Investment per Access Line	5873

Depreciation - Montana Intrastate Regulated

Year: 2008

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	25.0%	101,341
2	2114	Special Purpose Vehicles	8.0%	26,850
3	2115	Garage Work Equipment	8.0%	
4	2116	Other work Equipment	8.0%	20,192
5	2121	Buildings	3.1%	56,781
6	2122	Furniture	7.5%	883
7	2123.1	Office Support Equipment	7.5%	3,918
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers		
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	8.2%	449,243
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	8.2%	13,506
16	2232	Circuit DDS	6.5%	288,397
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles		
22	2421	Aerial Cable Metallic	9.2%	12,086
23	2421	Aerial Cable Nonmetallic	9.2%	458
24	2422	Underground Cable Metallic	9.2%	8,775
25	2422	Underground Cable Nonmetallic	9.2%	5,730
26	2423	Buried Cable Metallic	3.3%	384,009
27	2423	Buried Cable Nonmetallic	4.0%	112,823
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	3.3%	766
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire		
33	2441	Conduit Systems	4.0%	30,802
34				
35		COMPOSITE TOTAL		1,516,560
36	<p>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</p> <p>Docket Number _____ 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)
1	3600.01	ACQUISITION ADJUSTMENT	6.7%	270,571
2				
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4				
5				
6				
7				
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34				
35		COMPOSITE TOTAL		
36	Please list the Montana Public Service Commission Docket Order No. approving these amortization rates Docket Number <u> N/A </u> Order Number <u> </u>			
37				
38				
39				
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				
10	Actual at Year End			
11				
12	Common Equity	89.30%	6.700%	5.983%
13	Preferred Stock			
14	Long Term Debt	10.70%	12.040%	1.288%
15	Other			
16	Total	100.00%		7.271%

Network Access - Charges and Revenues

Year: 2008

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3070762
2			
3	Montana - Intrastate		3070762
4			
5	Montana - Intrastate Regulated		3070762
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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	NEMONT COMMUNICATIONS	COMPUTER LEASE	LEASE AGREEMENT	18,528	0.2%	
2						
3	NEMONT TELEPHONE COOP	MANAGEMENT LEASE	LEASE AGREEMENT	732,067	4.3%	
4						
5	NEMONT COMMUNICATIONS	BUILDING LEASE	LEASE AGREEMENT	211,882	1.9%	
6						
7	NEMONT COMMUNICATIONS	OTHER OFFICE & COMM EQ	LEASE AGREEMENT	47,244	0.4%	
8						
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29						
30	TOTAL			\$1,009,721		

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	NEMONT COMMUNICATIONS	WAGES & LABOR	COST	109,044	1.0%	
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29						
30	TOTAL			\$109,044		

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	35,298,546	34,014,448	3.78%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(21,944,386)	(20,606,608)	-6.49%
5	Plant in Service	13,354,160	13,407,840	-0.40%
6				
7	Additions			
8	1220 Materials & Supplies			
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions			
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits	3,442	3,442	
16	4340 Noncurrent Deferred Operating Income Taxes	2,039,013	2,039,013	
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	2,042,455	2,042,455	
20	TOTAL Rate Base	11,311,705	11,365,385	-0.47%
21				
22	Net Earnings	2,415,213	3,437,959	-29.75%
23				
24	Rate of Return on Average Rate Base	21.600%	30.200%	-28.48%
25				
26	Rate of Return on Average Equity	6.700%	10.200%	-34.31%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
31				
32				
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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	7949	9216
3	Montana Consumer Counsel Tax	2640	3878
4	911 Emergency Telephone Fee	61587	86172
5	Montana Telecommunications Access Service (TDD)	8588	8606
6	Montana Corporate License Tax	15	15
7	Personal Property Tax		
8	Real Property Tax	185232	219806
9			
10			
11			
12	Total	266011	327693

SCHEDULE 37

Universal Service Funds Received

Year: 2008

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	1462308	1424112
14	Funds received from Federal Sources	97075	101977
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	1559383	1526089

Nemont Telephone
Cooperative, Inc.

Missouri Valley
Communications, Inc.

Project Telephone Company

Nemont Communications, Inc.

Sagebrush Cellular, Inc.

Nemont Telephone Cooperative, Inc. has authority to operate in the state of Montana and the right to use the name "Nemont". In 2006 Project Telephone Company will seek a franchise agreement with Nemont Telephone Cooperative, Inc. to market Project's services in Montana as "Nemont".