

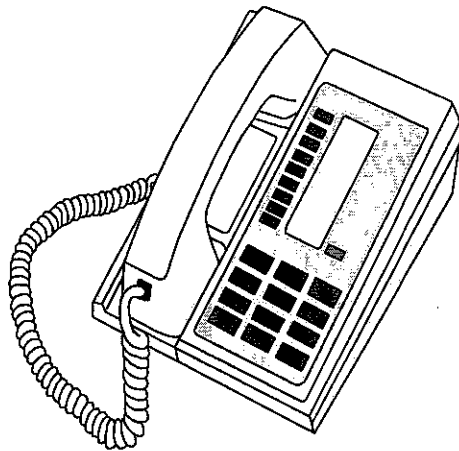
YEAR ENDING 2008
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PUBLIC SERVICE
COMMISSION

ANNUAL REPORT
OF
Qwest Corporation

TELEPHONE UTILITY



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

General Information

Year 2008

1. Legal Name of Respondent:
Qwest Corporation

2. Name Under Which Respondent Does Business:
Qwest Corporation

3. Date of Incorporation:
The Colorado Telephone Company was organized January 10, 1881, consolidated with the Tri-State Telephone and Telegraph Company on July 17, 1911, forming the Mountain States Telephone and Telegraph Company which on July 20, 1911, purchased the Rocky Mountain Telephone Company. On January 1, 1991, the Mountain States Telephone and Telegraph Company was merged with Northwestern Bell and Pacific Northwest Bell to form U S WEST Communications, Inc. On July 1, 2000, U S WEST, Inc., together with all its subsidiaries, including U S WEST Communications, Inc., was merged into Qwest Communications International, Inc.

4. Address to send Correspondence Concerning Report:
441 North Park Avenue, Room 007 - P. O. Box 1716
Helena, Montana 59624

5. Person Responsible for This Report:
Cheryl Gillespie

5a. Telephone Number:
(406) 441-7144

Control Over Respondent

1. If direct control over the respondent was held by another entity at the end of the year, provide the following:

1a. Name and address of the controlling organization or person:
Qwest Communications International, Inc.
1801 California Street
Denver, Colorado 80202

1b. Means by which control was held:
Through ownership of voting securities

1c. Percent Ownership:
100%

Board of Directors

Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Edward A. Mueller Denver, Colorado	None
2	Thomas E. Richards Denver, Colorado	None
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	Chairman of the Board: Edward A. Mueller	
14		
15		

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	Chief Executive Officer & President		Edward A. Mueller, Denver, CO
2	Executive Vice President & Chief Operating Officer		Thomas E. Richards, Denver, CO
3	Executive Vice President & Chief Financial Officer		Joseph J. Euteneuer, Denver, CO
4	Executive Vice President, General Counsel & Chief Administrative Officer		Richard N. Baer, Denver, CO
5	Executive Vice President	Business Markets	Teresa A. Taylor, Denver, CO
6	Executive Vice President	Wholesale	Roland Thornton, Denver, CO
7	Executive Vice President	Mass Markets	Charles Daniel Yost, Denver, CO
8	Executive Vice President	Network Operations	Robert Tregemba, Denver, CO
9	Executive Vice President	Corporate Strategy	Stephanie G. Comfort, Denver, CO
10	Executive Vice President	Product and Information Technologies	Neil Cox, Denver, CO
11	Senior Vice President	Treasurer	Rahn K. Porter, Denver, CO
12	Senior Vice President	Controller	R. William (Bill) Johnston, Denver, CO
13	Vice President	Assistant Controller	Patrick J. Halbach, Denver, CO
14	Vice President	Assistant Treasurer	Oscar A. Martinez, Denver, CO
15	Vice President	Corporate Tax	Andrew (Andy) Ottinger, Denver, CO
16	Vice President & Secretary		Stephen E. Brilz, Denver, CO
17	Assistant Secretary		Margaret McCandless, Denver, CO
18	Assistant Secretary		Joan E. Randazzo, Denver, CO
19	Assistant Secretary		Christian A. Pedersen, Denver, CO

Total Company Balance Sheet

(Thousands of Dollars)

Year 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	231,702	299,342
3	1180	Telecommunications Accounts Receivable - Net	815,555	899,028
4	1190	Other Accounts Receivable - Net	199,673	140,015
5	1200	Notes Receivable - Net	0	0
6	1210	Interest and Dividends Receivable	16,533	32,025
7	1220	Materials and Supplies	54,813	54,921
8	* 1280	Prepayments	67,703	23,208
9	^ 1290	Prepaid Rents	7,418	4,326
10	^ 1300	Prepaid Taxes	8,133	9,371
11	^ 1310	Prepaid Insurance	21,709	0
12	^ 1320	Prepaid Directory Expenses	0	0
13	^ 1330	Other Prepayments	30,443	9,511
14	1350	Other Current Assets	54,933	9,795
15		Total Current Assets	1,440,912	1,458,333
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	28,774	15,385
18	1402	Investments in Nonaffiliated Companies	47,860	32,180
19	1406	Nonregulated Investments	0	0
20	1407	Unamortized Debt Issuance Expense	121,548	137,950
21	1408	Sinking Funds	0	0
22	1410	Other Noncurrent Assets	1,201,967	1,024,854
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges	571,107	902,362
25	1500	Other Jurisdictional Assets - Net	(477,142)	(255,278)
26		Total Noncurrent Assets	1,494,114	1,857,453
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	45,879,841	44,345,320
29	2002	Property Held for Future Telecommunications Use	0	0
30	2003	Plant Under Construction - Short Term	127,893	154,182
31	2004	Plant Under Construction - Long Term	0	0
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant	7,192	8,674
34	2007	Goodwill	0	0
35	3100	Accumulated Depreciation	(32,263,133)	(31,193,827)
36	3200	Accumulated Depreciation - Held for Future Use	0	0
37	3300	Accumulated Depreciation - Nonoperating	(161)	(161)
38	3400	Accumulated Amortization (Includes 3500 and 3600)	(1,556,334)	(910,287)
39		Net Property, Plant, & Equipment	12,195,300	12,403,901
40		TOTAL ASSETS	15,130,326	15,719,687

^ Subaccount of account marked with a *.

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Total Company Balance Sheet

(Thousands of Dollars)

Year 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	996,109	952,676
43	4020	Notes Payable	0	0
44	4030	Advance Billing and Payments	272,877	282,155
45	4040	Customer Deposits	9,168	12,941
46	4050	Current Maturities - Long Term Debt	528	320,009
47	4060	Current Maturities - Capital Leases	18,765	763
48	4070	Income Taxes - Accrued	(191,237)	71,748
49	4080	Other Taxes - Accrued	169,623	193,618
50	4100	Net Current Deferred Operating Income Taxes	0	0
51	4110	Net Current Deferred Nonoperating Income Taxes	0	0
52	4120	Other Accrued Liabilities	930,138	598,013
53	4130	Other Current Liabilities	1,688	3,635
54		Total Current Liabilities	2,207,658	2,435,559
55		LONG-TERM DEBT:		
56	4210	Funded Debt	7,667,055	7,657,177
57	4220	Premium on Long-Term Debt	0	0
58	4230	Discount on Long-Term Debt	(113,120)	(116,977)
59	4240	Reacquired Debt	0	0
60	4250	Obligations Under Capital Leases	15,484	6,562
61	4260	Advances From Affiliated Companies	0	0
62	4270	Other Long-Term Debt	0	0
63		Total Long-Term Debt	7,569,419	7,546,761
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities	2,995,598	2,593,756
66	4320	Unamort. Oper. Invest. Tax Credits - Net	56,515	73,646
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net	0	0
68	4340	Net Noncurrent Deferred Oper. Income Taxes	1,437,756	1,376,848
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes	12,016	13,475
70	4360	Other Deferred Credits	648,709	917,780
71	4370	Other Jurisdictional Liab. and Def. Credits	(151,830)	14,269
72		Total Other Liabilities and Deferred Credits	4,998,764	4,989,774
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	10,603,412	10,761,204
75	4520	Additional Paid-In Capital	992,252	64,328
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	(11,241,179)	(10,077,940)
79		Total Stockholders' Equity	354,485	747,592
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	15,130,326	15,719,687

Total Company Income Statement

(Thousands of Dollars)

Year 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	3,560,627	3,853,587
3	5080	Network Access Revenues	4,379,195	4,249,095
4	* 5100	Long Distance Message Revenue	20,488	30,639
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	20,486	30,637
6	^ 5120	Long Distance Private Network Revenue	2	2
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	2,374,975	1,737,599
10	^ 5230	Directory Revenue	57,926	58,448
11	^ 5240	Rent Revenue	617,850	530,416
12	^ 5250	Corporate Operations Revenue	271,854	51,721
13	^ 5260	Miscellaneous Revenue	682,368	243,729
14	^ 5270	Carrier Billing and Collection Revenue	166,536	200,720
15	^ 5280	Nonregulated Revenue	578,442	652,564
16	5300	Uncollectible Revenue	83,154	82,418
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	10,252,131	9,788,501
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	20,956	12,211
20	6120	General Support Expense	494,577	416,934
21	6210	Central Office Switching Expense	107,836	121,145
22	6220	Operator Systems Expense	895	273
23	6230	Central Office Transmission Expense	136,747	155,407
24	6310	Information Origination/Termination Expense	162,084	137,016
25	6410	Cable and Wire Facilities Expense	686,118	751,106
26	6431	Aerial Wire Expense	208	2,271
27	6441	Conduit Systems Expense	11,256	9,766
28	6510	Other Property, Plant & Equipment Expense	6,837	4,502
29	6530	Network Operations Expense	605,508	581,251
30	6540	Access Expense	178,259	186,396
31	6560	Depreciation and Amortization Expense	2,116,858	2,011,036
32	6610	Marketing	1,098,280	642,527
33	6620	Services	636,673	633,707
34	6710	Executive and Planning	65,040	23,272
35	6720	General and Administrative	910,525	814,578
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36)	7,227,194	6,491,361
38	7100	Other Operating Income and Expense	(521)	(6,463)
39	7200	Operating Taxes	1,025,045	1,169,304
40		Net Operating Income (L.17-L.37-L.38-L.39)	2,000,412	2,134,300
41	7300	Nonoperating Income and Expense	(75,030)	(37,954)
42	7400	Nonoperating Taxes	(37,297)	(17,854)
43	7500	Interest and Related Items	627,844	650,230
44	7600	Extraordinary Items	0	0
45	7910	Effects of Juris. Ratemaking Diff. - Net	(55,765)	(103,478)
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40-L.41-L.42-L.43-L.44-L.45-L.46)	1,279,070	1,360,491

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^ Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

Montana Total State Income Statement

(Thousands of Dollars)

Year 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	90,415	101,727
3	5080	Network Access Revenues	114,519	116,283
4	* 5100	Long Distance Message Revenue	463	644
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	464	645
6	^ 5120	Long Distance Private Network Revenue	(2)	(2)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	18,787	24,946
10	^ 5230	Directory Revenue	1,353	1,519
11	^ 5240	Rent Revenue	1,305	3,527
12	^ 5250	Corporate Operations Revenue	201	490
13	^ 5260	Miscellaneous Revenue	2,019	2,463
14	^ 5270	Carrier Billing and Collection Revenue	3,859	4,556
15	^ 5280	Nonregulated Revenue	10,049	12,391
16	5300	Uncollectible Revenue	1,129	1,096
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	223,055	242,505
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	308	216
20	6120	General Support Expense	6,749	7,058
21	6210	Central Office Switching Expense	2,298	2,784
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	2,741	3,627
24	6310	Information Origination/Termination Expense	3,009	1,926
25	6410	Cable and Wire Facilities Expense	13,628	13,445
26	6431	Aerial Wire Expense	10	47
27	6441	Conduit Systems Expense	2	26
28	6510	Other Property, Plant & Equipment Expense	122	41
29	6530	Network Operations Expense	10,337	10,257
30	6540	Access Expense	3,145	2,642
31	6560	Depreciation and Amortization Expense	34,981	37,152
32	6610	Marketing	15,491	13,715
33	6620	Services	12,195	13,461
34	6710	Executive and Planning	927	483
35	6720	General and Administrative	13,012	17,038
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	118,943	123,846
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(101)	(1)
39	7200	Operating Taxes	41,482	47,083
40		Net Operating Income (L.17-L.37-L.38-L.39)	62,732	71,576

^ Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

Montana Intrastate Income Statement

(Thousands of Dollars)

Year 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	90,415	101,727
3	5080	Network Access Revenues	17,205	19,391
4	* 5100	Long Distance Message Revenue	462	645
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	464	647
6	^ 5120	Long Distance Private Network Revenue	(2)	(2)
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	5,166	7,799
10	^ 5230	Directory Revenue	1,353	1,519
11	^ 5240	Rent Revenue	928	2,507
12	^ 5250	Corporate Operations Revenue	145	352
13	^ 5260	Miscellaneous Revenue	1,538	1,953
14	^ 5270	Carrier Billing and Collection Revenue	1,204	1,469
15	^ 5280	Nonregulated Revenue	(0)	0
16	5300	Uncollectible Revenue	770	739
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	112,478	128,823
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	205	144
20	6120	General Support Expense	4,362	4,474
21	6210	Central Office Switching Expense	1,444	1,754
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	1,735	2,300
24	6310	Information Origination/Termination Expense	167	210
25	6410	Cable and Wire Facilities Expense	9,379	9,253
26	6431	Aerial Wire Expense	7	33
27	6441	Conduit Systems Expense	2	18
28	6510	Other Property, Plant & Equipment Expense	76	27
29	6530	Network Operations Expense	6,407	6,248
30	6540	Access Expense	284	(452)
31	6560	Depreciation and Amortization Expense	23,519	24,996
32	6610	Marketing	8,931	7,722
33	6620	Services	8,939	9,252
34	6710	Executive and Planning	598	313
35	6720	General and Administrative	7,605	10,614
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	73,649	76,856
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(13,536)	(14,457)
39	7200	Operating Taxes	21,107	26,383
40		Net Operating Income (L.17-L.37-L.38-L.39)	31,258	40,041

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^ Subaccount of the account marked with a *.

Note 1: This includes accounts 5100, 5111, and 5112 to be consistent with prior years.

Montana Intrastate Regulated Income Statement

(Thousands of Dollars)

Year 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	90,139	100,751
3	5080	Network Access Revenues	13,126	14,834
4	* 5100	Long Distance Message Revenue	464	647
5	^ 5110	Unidirectional Long Distance Revenue (Note 1)	464	647
6	^ 5120	Long Distance Private Network Revenue	0	0
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	4,117	6,327
10	^ 5230	Directory Revenue	1,353	1,519
11	^ 5240	Rent Revenue	1,074	2,584
12	^ 5250	Corporate Operations Revenue	110	311
13	^ 5260	Miscellaneous Revenue	1,528	1,931
14	^ 5270	Carrier Billing and Collection Revenue	(1,150)	(17)
15	^ 5280	Nonregulated Revenue	1,204	0
16	5300	Uncollectible Revenue	751	715
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	107,095	121,844
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	197	138
20	6120	General Support Expense	4,037	4,170
21	6210	Central Office Switching Expense	1,412	1,689
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	1,552	2,068
24	6310	Information Origination/Termination Expense	160	202
25	6410	Cable and Wire Facilities Expense	9,108	8,985
26	6431	Aerial Wire Expense	7	33
27	6441	Conduit Systems Expense	2	18
28	6510	Other Property, Plant & Equipment Expense	73	26
29	6530	Network Operations Expense	6,130	5,963
30	6540	Access Expense	284	(452)
31	6560	Depreciation and Amortization Expense	32,575	33,862
32	6610	Marketing	8,187	7,584
33	6620	Services	8,328	8,599
34	6710	Executive and Planning	564	299
35	6720	General and Administrative	6,790	9,809
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	79,395	82,943
38	7100	Other Operating Income and Expense (Includes USF and Link Up America)	(13,536)	(14,457)
39	7200	Operating Taxes	17,465	20,326
40		Net Operating Income (L.17-L.37-L.38-L.39)	23,771	33,033

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^ Subaccount of the account marked with a *.

Average Rate Base - Total State

(Thousands of Dollars)

Year 2008

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	963,115	972,071
2	3100	Accumulated Depreciation (Note 1)	785,543	778,280
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	576	413
6	4340	Noncurrent Deferred Operating Income Taxes	9,208	9,868
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)	168,940	184,335

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (c)
1	2001	Telecommunications Plant in Service	639,271	644,848
2	3100	Accumulated Depreciation (Note 1)	520,430	514,226
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	351	279
6	4340	Noncurrent Deferred Operating Income Taxes	6,029	6,642
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)	113,163	124,260

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (c)
1	2001	Telecommunications Plant in Service	608,063	613,384
2	3100	Accumulated Depreciation (Note 1)	476,890	463,163
3	2002	Property Held for Future Telecommunications Use	0	0
4	3200	Accumulated Depreciation - 2002	0	0
5	1220	Materials and Supplies	339	270
6	4340	Noncurrent Deferred Operating Income Taxes	16,123	19,718
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)	115,389	130,773

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Note 1: This also includes Accumulated Amortizations, accounts 3410, 3420, 3500, 3600.

Statement of Cash Flows

(Thousands of Dollars)

Year 2008

Line No.	Item Description (a)	This Year (b)	Last Year (c)
1	Increase/(decrease) in Cash & Cash Equivalents		
2	Cash Flows from Operating Activities:		
3	Net Income		1,360,490
4	Reconciliation Adjustments:		
5	Depreciation & Amortization		2,011,036
6	Provision for Accounts Receivable Losses		82,418
7	Deferred Income Taxes - Net		(249,406)
8	Unamortized Investment Tax Credits (ITCs) - Net		(13,806)
9	Allowance for Funds Used During Construction (AFUDC)		(6,482)
10	Change in Operating Receivables - Net		34,841
11	Change in Materials, Supplies & Inventories - Net		(3,250)
12	Change in Operating Payables & Accrued Liabilities - Net		(171,063)
13	Change in Other Assets & Deferred Charges - Net		(30,855)
14	Change in Other Liabilities & Deferred Credits - Net		175,660
15	Other		31,490
16	Total Adjustments	0	1,860,583
17	Net Cash Provided by/(Used in) Operating Activities	0	3,221,073
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)		(1,013,116)
21	Proceeds from Disposals of Property, Plant & Equipment		13,597
22	Investments In & Advances to Affiliates		0
23	Proceeds from Repayment of Advances		0
24	Other Investing Activities		0
25	Net Cash Provided by/(Used in) Investing Activities	0	(999,519)
26	Cash Flows from Financing Activities:		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.		0
28	Advances from Affiliates		0
29	Repayment of Advances from Affiliates		0
30	Proceeds from Issuances of Long-Term Debt		500,000
31	Repayment of Long-Term Debt		(320,209)
32	Payment of Capital Lease Obligations		(730)
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		0
34	Repurchase of Treasury Shares		0
35	Dividends Paid		(2,400,209)
36	Other Financing Activities		(9,971)
37	Net Cash Provided by Financing Activities	0	(2,231,119)
38	Effect of Exchange Rate Changes on Cash	0	0
39	Net Increase/(Decrease) in Cash & Cash Equivalents	0	(9,565)
40	Cash & Cash Equivalents at Beginning of Period		308,907
41	Cash & Cash Equivalents at End of Period		299,343

**See Notes to Schedules
9, 21, 29.**

Receivables and Investments-Affiliated & Nonaffiliated Companies

Line No.	Name of Affiliate or Company (a)	Year 2008													
		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	QWEST Wireless, LLC				6,572										
2	Maitreux Home Telephone Company				260									7,550	
3	El Paso County Telephone				(22)									8,386	
4	QWEST Communications Company, LLC				79,357										
5	QWEST India Holding LLC														
6	QWEST Telecom Software Services Pvt LTD													12,825	
7	QWEST Broadband Services				4,757									12	
8	QWEST LD Corp				10,388										
9	QWEST Service Corporation				231										
10	Western Reinsurance				574										
11	QCII				19,586										
12	QWEST Government Services				2,132										
13	QWEST Transoceanic				85										
14															
15															
16															
17															
18	All other investments	4,566	862,634	(47,079)	81,054	(5,302)	0	0	0	16,533					47,860
19	Non-affiliates														
20															
21	Totals	4,566	862,634	(47,079)	204,375	(5,302)	0	0	0	16,533			28,774		47,860

Net Plant in Service - Detail

(Thousands of Dollars)

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	72,076	1,154	3,090	0	70,140	40,355	29,785
2	^ 2111	Land	1,880	2	81		1,801	0	1,801
3	^ 2112	Motor Vehicles	7,764	(59)	689		7,016	6,205	811
4	^ 2113	Aircraft	0	0	0		0	0	0
5	^ 2114	Special Purpose Vehicles	122	0	0		122	137	(15)
6	^ 2115	Garage Work Equipment	245	0	0		245	222	23
7	^ 2116	Other Work Equipment	6,280	88	9		6,360	2,111	4,249
8	^ 2121	Buildings	51,563	401	1,371		50,593	28,027	22,565
9	^ 2122	Furniture	10	0	2		7	(51)	58
10	^ 2123	Office Equipment	825	48	59		814	581	233
11	^ 2124	General Purpose Computers	3,388	673	879		3,182	3,124	58
12	^ 2211	Analog Electronic Switching	0	0	0		0	0	0
13	^ 2212	Digital Electronic Switching	159,231	913	245		159,900	132,033	27,867
14	^ 2215	Electro-Mechanical Switching	0	0	0		0	0	0
15	^ 2220	Operator Systems	0	0	0		0	0	0
16	^ 2231	Radio Systems	11,412	224	106		11,529	9,529	2,001
17	^ 2232	Circuit Equipment	189,327	5,803	1,437		193,694	165,890	27,804
18	* 2310	Information Orig & Term Equip	6,328	104	(85)		6,517	4,267	2,250
19	^ 2311	Station Apparatus	0	0	0		0	0	0
20	^ 2321	Customer Premises Wiring	0	0	0		0	0	0
21	^ 2341	Large Private Branch Exchanges	0	0	0		0	0	0
22	^ 2351	Public Telephone Term. Equip.	0	0	0		0	0	0
23	^ 2362	Other Terminal Equipment	6,328	104	(85)		6,517	4,267	2,250
24	^ 2411	Poles	7,217	97	40		7,275	13,027	(5,752)
25	* 2420	Cable and Wire Facilities	460,727	8,340	14,076		454,992	387,782	67,210
26	^ 2421	Aerial Cable	37,112	241	2,032		35,320	42,087	(6,767)
27	^ 2422	Underground Cable	46,117	851	3,201		43,767	43,765	2
28	^ 2423	Buried Cable	368,776	7,149	8,283		367,642	295,035	72,606
29	^ 2424	Submarine Cable	32	0	0		32	30	2
30	^ 2425	Deep Sea Cable	0	0	0		0	0	0
31	^ 2426	Intrabuilding Network Cable	8,691	100	560		8,231	6,865	1,366
32	^ 2431	Aerial Wire	1,237	4	1		1,240	1,382	(142)
33	^ 2441	Conduit Systems	22,854	697	2,302		21,249	9,805	11,444
34		Totals	930,412	17,337	21,213	0	926,536	764,070	162,466

^ Subaccount of the account marked with a *

Analysis of Plant Held for Future Use

(Thousands of Dollars)

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)	Year 2008	
							Book Cost of Property at End of Year (g)	
1	<i>Qwest Corporation - Montana had no Plant Held for Future Use in 2008</i>							
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28								
29								
30	Totals (Sum L.1 to L.29)		0	0	0	0	0	0

Cost of Long Term Debt

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)	Year 2008		
												Total Cost (%) (l)	Total Cost (%) (l)	
1	QWEST CORPORATION													
2														
3														
4	7.500% 30 Year Debenture	06/15/93	06/15/23	484,000	N/A	484,134	100.03	480,007	7.50%	36,300	117		7.57%	
5	7.250% 30 Year Debenture	09/15/95	09/15/25	250,000	N/A	249,575	99.83	247,837	7.25%	18,125	64		7.34%	
6	7.200% 31 Year Debenture	11/10/95	11/10/26	250,000	N/A	247,188	98.88	245,851	7.20%	18,000	108		7.37%	
7	6.875% 40 Year Debenture	09/15/93	09/15/33	1,000,000	N/A	976,000	97.60	914,021	6.88%	68,750	1,131		7.65%	
8	7.250% 40 Year Debenture	10/15/95	10/15/35	250,000	N/A	246,438	98.58	244,683	7.25%	18,125	60		7.43%	
9	7.125% 50 Year Debenture	11/15/93	11/15/43	250,000	N/A	250,350	100.14	247,895	7.13%	17,813	13		7.19%	
10	8.875% 10 Year Note	03/12/02	03/15/12	1,500,000	N/A	1,440,436	96.03	1,474,505	8.88%	133,125	6,478		9.47%	
11	6.95% 7 Year Note	06/09/03	06/09/10	500,000	N/A	481,548	96.31	495,219	6.95%	34,750	2,910		7.60%	
12	7.875% 7 Year Term Loan	08/19/04	09/01/11	575,000	N/A	558,756	97.17	567,419	7.88%	45,281	2,430		8.41%	
13	7.875% 7 Year Term Loan	11/23/04	09/01/11	250,000	N/A	270,141	108.06	254,991	7.88%	19,688	(2,126)		6.89%	
14	8 Year Floating Rate Note	06/17/05	06/15/13	750,000	N/A	738,750	98.50	743,728	5.25%	39,347	1,407		5.48%	
15	7.625% 10 Year Note	06/17/05	06/15/15	400,000	N/A	394,000	98.50	395,613	7.63%	30,500	502		7.84%	
16	7.50% 8 Year Note	08/08/06	10/01/14	600,000	N/A	592,500	98.75	594,038	7.50%	45,000	793		7.71%	
17	6.50% 10 Year Note	05/16/17	06/01/17	500,000	N/A	496,750	99.35	494,285	6.50%	32,500	490		6.67%	
18	6.02% Wachovia Derivative			(8,364)	N/A			(8,364)						
19	5.9730% Goldman Derivative			(5,737)	N/A			(5,737)						
20	8.95% Stinson, Mpls MN			505	N/A			493	8.95%	45			9.18%	
21														
22	EASTERN REGION													
23														
24														
25	Refinanced Debenture	02/15/77	02/15/17		N/A			(4,044)					-12.31%	
26	7.750% 40 Year Debenture	05/01/90	05/01/30	42,883	N/A	33,910	79.08	34,804	7.75%	3,323	498		9.85%	
27														
28														
29	CENTRAL REGION													
30														
31														
32	Refinanced Debenture	11/01/76	11/01/16		N/A			(2,434)					-12.77%	
33	Refinanced Debenture	09/15/77	09/15/17		N/A			(3,738)					-11.46%	
34	Refinanced Debenture	06/01/83	06/01/23		N/A			(12,960)					-6.94%	
35	Refinanced Debenture	02/01/85	02/01/25		N/A			(13,084)					-6.22%	
36	Refinanced Debenture	02/01/77	02/01/17		N/A			(4,655)					-12.36%	
37	Refinanced Debenture	02/01/77	02/01/17		N/A			(10,322)					-12.36%	
38	7.375% 40 Year Debenture	05/01/90	05/01/30	55,150	N/A	41,535	75.31	42,922	7.38%	4,067	160		9.85%	
39														
40														
41	Subtotal Page 1 of 2			7,643,438		7,502,011		7,413,772		564,739	19,445			

Cost of Long Term Debt

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)	Year 2008		
												Total Cost (%) (l)		
1	WESTERN REGION													
2														
3														
4	Refinanced Debenture	05/01/80	05/01/20		N/A			(5,002)			441		-8.82%	
5														
6														
7														
8														
9														
10														
11														
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19														
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21														
22														
23														
24														
25														
26														
27														
28	Subtotal Page 2 of 2							(5,002)			441			
29														
30	Grand Total			7,643,438		7,502,011		7,408,770		564,739	19,886			

NOTES:
 The amortization of debt issuance expenses are included in column K for the debt issue.
 The schedule includes funded debt and current maturities long term debt.

Cost of Preferred Stock

		Year 2008											
(Thousands of Dollars)		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Line No.	Description	Date of Issuance	Method of Offering	Call Redemption Price	Par Value Of Issue	Gross Proceeds Amounts	Net Proceeds Amounts	Net Proceeds Per \$100	Cost of Money	Principal Outstanding	Annual Cost	Embedded Cost	
1	QWEST CORPORATION												
2	HAS NO PREFERRED STOCK												
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
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18													
19													
20													
21													
22													
23													
24													
25													
26													
27													
28													
29													
30	Totals (Sum L.1 to L.29)				0		0	0		0	0	0	0

Analysis of Common Stock

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price		Price/Earnings Ratio (i)
							High (g)	Low (h)	
1	Year Ended December 31:	1	354,485	1,279,070	2,200,000	N/M	N/A	N/A	N/A
2									
3									
4									
5									
6									
7									
8									
9									
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Notes:

1. Qwest Corporation is 100% owned by Qwest Communications International, Inc., the parent company. Qwest Corporation has issued one share of stock to its parent company.
2. Because one share of stock is outstanding, all per share figures reflect gross dollar amounts of Book Value, Net Income, and Dividends.
3. Book Value (per share) in column C reflects Total Shareholders Equity and includes both capital stock and retained earnings.

N/M=Not Meaningful

Capital Stock and Funded Debt Reacquired or Retired During the Year

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Year 2008	
							Retirement or Reacquisition (g)	
1	<u>FUNDED DEBT</u>							
2								
3	<u>U.S. WEST COMMUNICATIONS</u>							
4	<u>10 YR 5.625% Note</u>							
5	<u>Due 11-15-08</u>	11/15/2008		320,000				Retirement
6								
7								
8								
9								
10								
11								
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16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30	Totals (Sum L.1 to L.29)		0	320,200	0	0	0	0

Total Company Expense Matrix

Year 2008

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	2,003,696	440,490	2,699,673	15,811,958	0	20,955,817
2	^ 6112	Motor Vehicle Expense	248,452	72,835	829,877	12,405,084		13,556,248
3	^ 6113	Aircraft Expense	1,919,879	358,756	1,824,952	1,309,469		5,413,056
4	^ 6114	Special Purpose Vehicles Expense	4,351	1,430	5,687	94,138		105,607
5	^ 6115	Garage Work Equipment Expense				419,562		419,562
6	^ 6116	Other Work Equipment Expense	(168,986)	7,470	39,156	1,583,705		1,461,344
7	* 6120	General Support Expense	50,038,294	12,509,665	117,778,406	314,250,799	0	494,577,165
8	^ 6121	Land and Building Expense	5,594,061	1,744,770	111,808,816	129,793,600		248,941,247
9	^ 6122	Furniture and Artworks Expense	98,707	14,863	69,564	7,802,837		7,985,971
10	^ 6123	Office Equipment Expense	2,941,038	920,036	2,092,691	6,737,182		12,690,946
11	^ 6124	General Purpose Computers Expense	41,404,489	9,829,996	3,807,335	169,917,181		224,959,001
12	* 6210	Central Office Switching Expense	63,222,468	19,748,992	1,062,461	24,697,582	0	108,731,504
13	^ 6211	Analog Electronic Expense						0
14	^ 6212	Digital Electronic Expense	63,222,436	19,748,982	1,062,461	23,802,291		107,836,170
15	^ 6215	Electro-Mechanical Expense	32	10		895,292		895,334
16	6220	Operator Systems Expense	81,540,658	25,342,360	1,179,914	28,683,703	0	136,746,634
17	* 6230	Central Office Transmission Expense	1,404,512	438,245	18,512	1,146,689		3,007,957
18	^ 6231	Radio Systems Expense	80,136,146	24,904,114	1,161,403	27,537,014		133,738,677
19	^ 6232	Circuit Equipment Expense	74,341,411	23,284,664	1,077,350	63,380,434	0	162,083,859
20	* 6310	Information Origination/Termination Expense	11,774,575	3,693,596	228,314	52,917,056		68,613,540
21	^ 6311	Station Apparatus Expense	14,644,324	4,583,110	213,711	1,799,869		21,241,014
22	^ 6341	Large Private Branch Exchange Expense	3,102	969		151		4,222
23	^ 6351	Public Telephone Terminal Equipment Expense	47,919,410	15,006,990	635,326	8,663,358		72,225,083
24	^ 6362	Other Terminal Equipment Expense	363,027,520	102,018,694	31,324,800	189,747,099	0	686,118,112
25	* 6410	Cable and Wire Facilities Expense	947,165	264,993	15,319,690	9,999,892		26,531,740
26	^ 6411	Poles Expense	62,349,731	19,474,086	2,161,875	13,702,836		97,688,527
27	^ 6421	Aerial Cable Expense	26,808,580	8,137,281	506,509	7,182,828		42,635,197
28	^ 6422	Underground Cable Expense	261,107,482	70,638,008	13,109,601	145,482,729		490,337,820
29	^ 6423	Buried Cable Expense	303	31		5		339
30	^ 6424	Submarine Cable Expense						0
31	^ 6425	Deep Sea Cable Expense	11,184,523	3,360,334	204,339	2,710,919		17,460,115
32	^ 6426	Intrabuilding Network Cable Expense	61,671	18,825	542	127,424		208,461
33	^ 6431	Aerial Wire Expense	633,605,983	183,219,728	155,100,360	626,031,108	0	1,597,957,179
34		Subtotals						

* Subaccount of the account marked with a *

Total Company Expense Matrix

Year 2008

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	568,065	125,137	22,244	10,540,467		11,255,913
36	6510	Other Property Expenses	154,557	(38,768)		6,721,557		6,837,347
37	6530	Network Operations Expense	363,212,476	124,329,362	113,195	117,853,212	0	605,508,246
38	6531	Power Expense				78,780,864		78,780,864
39	6532	Network Administration Expense	3,793,216	(399,534)		(583,529)		2,810,153
40	6533	Testing Expense	89,303,170	27,971,041		1,454,145		118,728,356
41	6534	Plant Operations Expense	185,268,298	74,675,994	90,225	48,122,941		308,157,458
42	6535	Engineering Expense	84,847,792	22,081,861	22,971	(9,921,209)		97,031,416
43	6540	Access Expense				178,259,291		178,259,291
44	6561	Depreciation - Telecomm. Plant in Service				1,854,976,347		1,854,976,347
45	6562	Depreciation-Prop. for Future Telecom. Use				0		0
46	6563	Amortization Expense - Tangible				35,402,283		35,402,283
47	6564	Amortization Expense - Intangible				226,479,804		226,479,804
48	6565	Amortization - Other				0		0
49	6610	Marketing	460,770,968	82,066,613	23,603	555,418,658	0	1,098,279,842
50	6611	Product Management	48,481,873	9,661,840	15,694	38,179,301		96,338,708
51	6612	Sales	412,289,095	72,404,773	7,908	243,473,724		728,175,501
52	6613	Product Advertising				273,765,632		273,765,632
53	6621	Call Completion Services	6,006,419	2,541,139		2,828,120		11,375,678
54	6622	Number Services	22,006,566	11,033,393		1,639,442		34,679,400
55	6623	Customer Services	318,305,946	135,907,098	43,389	136,361,203		590,617,637
56	6711	Executive	36,711,758	6,429,224	3,850	9,146,187		52,291,019
57	6712	Planning	5,390,501	935,382		6,422,961		12,748,845
58	6721	Accounting and Finance	64,571,599	14,304,788	1,085	29,647,287		108,524,758
59	6722	External Relations	31,444,766	5,662,371		55,338,883		92,446,020
60	6723	Human Relations	21,950,134	4,769,386		11,719,215		38,438,735
61	6724	Information Management	94,519,045	14,540,597	61,235,460	159,746,224		330,041,326
62	6725	Legal	33,552,203	5,579,485		22,341,776		61,473,464
63	6726	Procurement	8,482,166	1,883,382		888,789		11,254,338
64	6727	Research and Development				101,328		101,328
65	6728	Other General and Administrative	786,424	3,136,192	4,028,530	260,294,254		268,245,399
66	6790	Provision for Uncollectible Notes Receivable						0
67	8747	Administrative Services Clearing						0
68		Totals	2,102,039,577	596,424,510	220,571,716	4,308,158,395	0	7,227,194,198

* Subaccount of the account marked with a *

Total State Expense Matrix

Year 2008

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	20,889	3,895	35,274	247,880	0	307,937
2	^ 6112	Motor Vehicle Expense	120	39	14,212	184,579		198,950
3	^ 6113	Aircraft Expense	20,762	3,856	27,720	22,795		75,133
4	^ 6114	Special Purpose Vehicles Expense				3,413		3,413
5	^ 6115	Garage Work Equipment Expense				5,495		5,495
6	^ 6116	Other Work Equipment Expense	7	0	(6,658)	31,598		24,947
7	* 6120	General Support Expense	955,165	235,092	1,199,253	4,359,807	0	6,749,317
8	^ 6121	Land and Building Expense	197,488	61,858	733,058	1,892,698		2,885,102
9	^ 6122	Furniture and Artworks Expense				8,514		8,514
10	^ 6123	Office Equipment Expense	10,758	3,429	39,904	93,416		147,507
11	^ 6124	General Purpose Computers Expense	746,918	169,805	426,292	2,365,179		3,708,194
12	* 6210	Central Office Switching Expense	1,474,190	462,523	9,569	351,720	0	2,298,001
13	^ 6211	Analog Electronic Expense						0
14	^ 6212	Digital Electronic Expense	1,474,190	462,523	9,569	351,720		2,298,001
15	^ 6215	Electro-Mechanical Expense						0
16	6220	Operator Systems Expense				12		12
17	* 6230	Central Office Transmission Expense	1,508,316	470,745	3,739	758,345	0	2,741,145
18	^ 6231	Radio Systems Expense	27,594	8,730	49	16,304		52,677
19	^ 6232	Circuit Equipment Expense	1,480,722	462,015	3,689	742,040		2,688,467
20	* 6310	Information Origination/Termination Expense	931,537	291,633	2,564	1,783,132	0	3,008,865
21	^ 6311	Station Apparatus Expense	25,914	8,181	74	1,617,671		1,651,839
22	^ 6341	Large Private Branch Exchange Expense	211,469	66,216	624	37,040		315,349
23	^ 6351	Public Telephone Terminal Equipment Expense						0
24	^ 6362	Other Terminal Equipment Expense	694,154	217,235	1,866	128,421		1,041,677
25	* 6410	Cable and Wire Facilities Expense	6,338,450	1,539,359	1,752,707	3,997,543	0	13,628,058
26	^ 6411	Poles Expense	6,978	1,877	325,283	480,685		814,723
27	^ 6421	Aerial Cable Expense	1,042,022	324,456	256,460	325,210		1,948,147
28	^ 6422	Underground Cable Expense	286,624	87,320	651	76,842		451,438
29	^ 6423	Buried Cable Expense	4,823,069	1,070,345	1,169,846	3,065,691		10,128,951
30	^ 6424	Submarine Cable Expense						0
31	^ 6425	Deep Sea Cable Expense	174,079	53,704	463	44,189		272,435
32	^ 6426	Intrabuilding Network Cable Expense	4,146	1,259	2	4,707		10,115
33	^ 6431	Aerial Wire Expense						0
34		Subtotals	11,226,915	3,002,849	3,003,104	11,498,219	0	28,731,086

^ Subaccount of the account marked with a *

Total State Expense Matrix

		Year 2008						
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	1,631	398	1	219		2,249
36	6510	Other Property Expenses	(22,154)	(8,663)		152,625		121,808
37	6530	Network Operations Expense	5,061,757	1,866,303	942	3,408,087	0	10,337,089
38	6531	Power Expense				1,757,778		1,757,778
39	6532	Network Administration Expense	40,070	(19,852)		4,676		24,893
40	6533	Testing Expense	1,490,727	467,232		24,350		1,982,309
41	6534	Plant Operations Expense	1,985,204	1,045,971	890	1,659,858		4,691,923
42	6535	Engineering Expense	1,545,756	372,953	52	(38,576)		1,880,185
43	6540	Access Expense				3,144,527		3,144,527
44	6561	Depreciation - Telecomm. Plant in Service				32,146,933		32,146,933
45	6562	Depreciation-Prop. for Future Telecom. Use						0
46	6563	Amortization Expense - Tangible				21,584		21,584
47	6564	Amortization Expense - Intangible				2,812,395		2,812,395
48	6565	Amortization - Other						0
49	6610	Marketing	5,400,884	1,026,363	311	9,063,388	0	15,490,946
50	6611	Product Management	640,029	127,032	218	530,726		1,298,004
51	6612	Sales	4,760,856	899,331	93	3,283,886		8,944,165
52	6613	Product Advertising				5,248,777		5,248,777
53	6621	Call Completion Services	159,981	76,328		56,683		292,992
54	6622	Number Services	397,042	204,511		27,941		629,493
55	6623	Customer Services	5,977,136	2,506,375	223	2,788,478		11,272,213
56	6711	Executive	523,220	92,189	55	129,739		745,203
57	6712	Planning	76,825	13,339		91,491		181,656
58	6721	Accounting and Finance	924,628	204,956	9	427,192		1,556,786
59	6722	External Relations	474,338	84,601		794,145		1,353,084
60	6723	Human Relations	367,851	79,170		190,263		637,284
61	6724	Information Management	1,929,236	296,595	1,146,869	423,501		3,796,201
62	6725	Legal	478,496	79,699		672,480		1,230,676
63	6726	Procurement	134,906	31,157		16,165		182,228
64	6727	Research and Development	(48,472)	43,808	(290)	2,074		2,074
65	6728	Other General and Administrative				4,259,033		4,254,079
66	6790	Provision for Uncollectible Notes Receivable						0
67	8747	Administrative Services Clearing						0
68		Totals	33,064,221	9,599,978	4,151,224	72,127,162	0	118,942,586

^ Subaccount of the account marked with a *

Pension Costs

Year: 2008

1	Plan Name Qwest Pension Plan			
2	Defined Benefit Plan? Yes	Defined Contribution Plan? No		
3	Actuarial Cost Method? Projected Unit Cred	IRS Code: 005		
4	Annual Contribution by Employer: \$	Is the Plan Over Funded? No		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	6,966,286	7,320,456	-4.8%
8	Service cost	110,644	85,886	28.8%
9	Interest Cost	462,343	336,450	37.4%
10	Plan participants' contribution:			
11	Amendments	51,000	-	
12	Actuarial Gain	690,620	(59,500)	1260.7%
13	Acquisition			
14	Benefits paid	(852,347)	(717,008)	-18.9%
14a	Special termination benefit:		2	-100.0%
15	Benefit obligation at end of year	7,428,546	6,966,286	6.6%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	8,389,335	8,445,302	-0.7%
18	Adjustment to match trust			
19	Actual return on plan assets:	(803,783)	661,041	-221.6%
20	Acquisition			
21	Employer contribution			
22	Plan participants' contribution:			
23	420 Transfer			
24	Benefits paid	(852,347)	(717,008)	-18.9%
25	Fair value of plan assets at end of year	6,733,205	8,389,335	-19.7%
26	Funded Status	(695,341)	1,423,049	-148.9%
27	Unrecognized net actuarial loss:	1,701,890	(477,787)	456.2%
28	Unrecognized prior service cost	21,989	(33,706)	165.2%
29	Prepaid (accrued) benefit cost	1,028,538	911,556	12.8%
30				
31	Weighted-average Assumptions as of Year End			
32	Discount rate	6.70%	6.30%	6.3%
33	Expected return on plan asset:	8.00%	8.00%	0.0%
34	Rate of compensation increase:	3.50%	3.50%	0.0%
35				
36	Components of Net Periodic Benefit Cost:			
37	Service cost	110,644	85,886	28.8%
38	Interest cost	462,343	336,450	37.4%
39	Expected return on plan asset:	(603,985)	(449,614)	-34.3%
40	Amortization of prior service cost & net transition obligation	(4,695)	(3,441)	-36.4%
41	Recognized net actuarial loss:	2,056	48,770	-95.8%
42	Net periodic benefit cost	(33,637)	18,051	-286.3%
43	Adjustment for affiliated transfer	83,345	(19,960)	517.6%
44	Montana Intrastate Costs:			
45	Pension Costs	(293)	182	-261.0%
46	Pension Costs Capitalized	(37)	19	-294.7%
47	Accumulated Pension Asset (Liability) at Year End	15,332	14,048	9.1%
48	Number of Company Employees:			
49	Covered by the Plan	83,968	78,210	7.4%
50	Not Covered by the Plan			
51	Active	31,067	24,737	25.6%
52	Retired	38,596	38,685	-0.2%
53	Deferred Vested Terminated	14,305	14,788	-3.3%

Other Post Employment Benefits (OPEBS)		Year 2008		
	Item	Current Year	Last Year	% Change
1	Regulatory Treatment:			
2	Commission authorized - most recent			
3	Docket number: 90.12.86			
4	Order number: 5535g			
5	Amount recovered through rates	(202)	(720)	71.9%
6	Weighted-average Assumptions as of Year End			
7	Discount rate	6.70%	6.30%	6.3%
8	Expected return on plan assets	8.50%	8.50%	
9	Medical Cost Inflation Rate	9% graded to 5%	9% graded to 5%	
10	Actuarial Cost Method	Projected Unit Cr	Projected Unit Cr	
11	Rate of compensation increase	N/A	N/A	
12	List each method used to fund OPEBS (ie: VEBA, 401(h)) and if tax advantaged:			
13	VEBA - Yes Transfer - No			
14	Cash - Yes			
15	Describe any Changes to the Benefit Plan:	See Tab 20 Notes		
16				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			
19	Benefit obligation at beginning of year	3,478,000	3,714,000	-6.4%
20	Service cost	8,812	9,742	-9.5%
21	Interest Cost	210,324	212,095	-0.8%
22	Plan participants' contributions		-	
23	Amendments	(57,000)	-	
24	Actuarial Gain	(78,446)	(91,557)	14.3%
25	Acquisition		-	
26	Benefits paid	(377,370)	(366,280)	-3.0%
27	Benefit obligation at end of year	3,184,320	3,478,000	-8.4%
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year	1,588,330	1,676,777	-5.3%
30	Actual return on plan assets	(415,349)	157,712	-363.4%
31	Acquisition			
32	Employer contribution	119,476	120,121	-0.5%
32a	Life trust reimbursement			
33	Plan participants' contributions			
34	Benefits paid	(377,370)	(366,280)	-3.0%
35	Fair value of plan assets at end of year	915,087	1,588,330	-42.4%
36	Funded Status	(2,269,233)	(1,889,670)	-20.1%
37	Unrecognized net actuarial loss	582,753	169,850	243.1%
38	Unrecognized prior service cost	(861,870)	(757,397)	-13.8%
39	Prepaid (accrued) benefit cost	(2,548,350)	(2,477,217)	-2.9%
40	Components of Net Periodic Benefit Costs			
41	Service cost	8,812	9,742	-9.5%
42	Interest cost	210,324	212,095	-0.8%
43	Expected return on plan assets	(123,816)	(131,703)	6.0%
44	Amortization of prior service cost	(89,537)	(89,956)	0.5%
45	Recognized net actuarial loss	9,484	16,143	-41.3%
46	Net periodic benefit cost	15,267	16,321	-6.5%
46a	Adjustment for Accounting Changes	(175,342)	-	
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA			
49	Amount Funded through 401(h)			
50	Amount Funded through Other - Cash	119,476	120,121	-0.5%
51	TOTAL	119,476	120,121	-0.5%
52	Amount that was tax deductible - VEBA		-	
53	Amount that was tax deductible - 401(h)		-	
54	Amount that was tax deductible - Cash	119,476	120,121	-0.5%
55	TOTAL	119,476	120,121	-0.5%

Other Post Employment Benefits (OPEBS) Continued

Year: 2008

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	67,534	67,735	-0.3%
3	Not Covered by the Plan	9,930	3,089	221.5%
4	Active	23,763	23,949	-0.8%
5	Retired	43,771	43,786	0.0%
6	Spouses/Dependants covered by the Plan	24,083	24,310	-0.9%
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year	45,257	47,439	-4.6%
10	Service cost	148	110	34.5%
11	Interest Cost	3,532	2,399	47.2%
12	Plan participants' contributions	-	-	
13	Amendments	(647)	-	
14	Actuarial Gain	(890)	(938)	5.1%
15	Acquisition	-	-	
16	Benefits paid	(4,298)	(3,753)	-14.5%
17	Benefit obligation at end of year	43,102	45,257	-4.8%
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year	62,033	56,918	9.0%
20	Actual return on plan assets	5,122	8,786	-41.7%
21	Acquisition	-	-	
22	Employer contribution	1,664	1,495	11.3%
	Reduction in required funding	(707)	(1,413)	50.0%
23	Plan participants' contributions	-	-	
24	Benefits paid	(4,298)	(3,753)	-14.5%
25	Fair value of plan assets at end of year	63,814	62,033	2.9%
26	Funded Status	20,712	16,776	23.5%
27	Unrecognized net actuarial loss	NA	NA	
28	Unrecognized prior service cost	NA	NA	
29	Prepaid (accrued) benefit cost	NA	NA	
30	Components of Net Periodic Benefit Costs			
31	Service cost	148	110	34.5%
32	Interest cost	3,532	2,399	47.2%
33	Expected return on plan assets	(5,116)	(4,975)	-2.8%
34	Amortization of prior service cost	1,075	1,563	-31.2%
35	Recognized net actuarial loss	159	183	-13.1%
36	Net periodic benefit cost	(202)	(720)	71.9%
36a	Adjustment for Accounting Changes			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA	(707)	(1,413)	50.0%
39	Amount Funded through 401(h)	-	-	
40	Amount Funded through Other - Cash	1,664	1,495	11.3%
41	TOTAL	957	82	1067.1%
42	Amount that was tax deductible - VEBA	(707)	(1,413)	50.0%
43	Amount that was tax deductible - 401(h)	-	-	
44	Amount that was tax deductible - Cash	1,664	1,495	11.3%
45	TOTAL	957	82	1067.1%
46	Montana Intrastate Costs:			
47	Benefit Cost Expensed	(195)	(696)	72.0%
48	Benefit Cost Capitalized	(7)	(24)	70.8%
49	Benefit Payments - Medical	4,173	3,634	14.8%
50	Number of Montana Employees:			
51	Covered by the Plan	258	245	5.3%
52	Not Covered by the Plan	N/A	N/A	
53	Active	258	245	5.3%
54	Retired	N/A	N/A	
55	Spouses/Dependants covered by the Plan	N/A	N/A	

Tab 20 Notes Page 1 of 2

Changes to benefits for Post-1990 retirees who are former Occupational employees

Effective January 1, 2009:

The High Deductible Health Plan (HDHP) and the Preferred Provider Organization (PPO) are the new health plan network benefit options available to all eligible participants, depending on where you live. If you live in an area where there isn't an established network of providers, you have access to the No-Network and HDHP No-Network benefit options.

The POS health plan benefit option is no longer available.

Effective Jan. 1, 2009, some HMO Benefit Options copays have increased.

Effective Jan. 1, 2009, the monthly reimbursement benefit of \$48.10 under the Plan for a portion of the Medicare Part B premium has been eliminated for Post-1990 Occupational Retirees and their Eligible Dependents.

The Company shall determine before the start of each year the total expected cost for each Coverage Category for eligible Post-1990 Occupational Retirees under the Qwest Health Care Plan (the "Plan"). The cost to the Company for each Eligible Post-1990 Occupational Retiree (and Eligible Dependents) shall not exceed the Company Retiree Health Care Annual Cost Cap which is summarized below. Effective January 1, 2009, eligible Post-1990 Occupational Retirees will be responsible to pay premiums equal to the amount by which the total expected annual health care costs exceed the Company Retiree Health Care Annual Cost Cap, which is outlined in the table below.

Coverage Category Company Occupational Retiree (Eligible as defined by the Plan) Health Care Annual Cost Cap*

Eligible Non-Medicare Adult	\$6,250 per retiree
Excluding dependent child(ren)	\$6,250 per spouse
Eligible Child(ren) (incl. student and handicapped)**	\$2,070 maximum
Eligible Medicare-eligible Adult excluding dependent child(ren)	\$2,570 per retiree
	\$2,570 per spouse
Waived Coverage	\$0

* Company Retiree Health Care Annual Cost Cap includes medical and dental costs.

** Eligible Child(ren) (incl. student and handicapped) Company Retiree Health Care Annual Cost Cap is based on a child(ren) unit. The unit may include one or multiple eligible children but the maximum cap amount applied is \$2,070 regardless of the number of children covered. In other words, if one eligible child is covered or if two or more eligible children are covered, the Company Retiree Health Care Annual Cost Cap is \$2,070 in both examples.

Tab 20 Notes

Page 2 of 2

If annual expected health care costs for any Coverage Category for any available benefit plan option (including buy-down plan options, if any) are below the above stated Company Retiree Health Care Annual Cost Caps, the Retiree Premiums will not reduce below zero dollars (\$0). For Post-1990 Occupational Retirees, monthly premium contributions for Medical and Dental coverage will be deducted from your pension check, direct billed or paid by electronic fund transfer (EFT), depending upon the method of payment you choose. Refer to the section entitled "Paying for Your Health Care and Supplemental Life Insurance Coverage" in the 2009 Benefits Selection Guide.

Changes to benefits for Post-1990 retirees who are former Management employees

Effective January 1, 2009:

The monthly premium contributions for 2009 for many Plan benefit options increased.

The PPO in-network, out of network and No-network benefit options deductible amounts and other out-of-pocket costs have increased and some HMO copays have increased.

Coverage for certain preventive care and tests will be covered at 100% and not subject to the deductible.

Speech and occupational therapy benefits are expanded to include coverage for Autism Spectrum Disorders for children 12 and under.

The monthly reimbursement benefit of \$48.10 under the Plan for a portion of the Medicare Part B premium has been eliminated for Post-1990 Retirees who are former Management Employees and their Eligible Dependents.

Payments for Services to Persons Other Than Employees

(Thousands of Dollars)

Year 2008

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
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TOTAL ADVERTISING AND INFORMATION SERVICES

TOTAL AUDIT AND ACCOUNTING SERVICES

TOTAL CLERICAL AND OFFICE SERVICE

TOTAL COMPUTER AND DATA PROCESSING SERVICES

TOTAL CONSULTING AND RESEARCH SERVICES

TOTAL FINANCIAL SERVICES

TOTAL LEGAL SERVICES

Total Membership Fees and Dues Exceeding \$50,000

Total Personnel Services

GRAND TOTAL

**See Notes to Schedules
9, 21, 29.**

Subscriber Line Usage Data

(Thousands of Minutes)

Year 2008

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	1,777,823	15.82%	1,777,823	15.82%
3	Interstate, IntraLATA	376	0.00%	376	0.00%
4	Total Interstate Usage	1,778,199	15.83%	1,778,199	15.83%
5	Intrastate, InterLATA	514,430	4.58%	514,430	4.58%
6	Intrastate, IntraLATA	140,527	1.25%	140,527	1.25%
7	Total Intrastate Usage	654,957	5.83%	654,957	5.83%
8	Total Toll Usage	2,433,155	21.66%	2,433,155	21.66%
9	Centrex *				
10	Local	8,802,764	78.34%	8,802,764	78.34%
11	Total Minutes	11,235,919	100.00%	11,235,919	100.00%

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* Centrex minutes are no longer identified separately. They are now included in Local.

Pursuant to CC Docket 80-286 and in compliance with FCC decision 01-162, Qwest Corporation froze the data in this table at the 2000 annual levels.

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Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	Year 2008	
													% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	AMSTERDAM	ELECTRIC											100.0%	826
2	ANACONDA	ELECTRIC											100.0%	3,230
3	BELGRADE	ELECTRIC											100.0%	5,680
4	BILLINGS MAIN	ELECTRIC											100.0%	27,707
5	BILLINGS WEST	ELECTRIC											100.0%	15,175
6	BOULDER	ELECTRIC											100.0%	790
7	BOZEMAN	ELECTRIC											100.0%	22,199
8	BRIDGER	ELECTRIC											100.0%	616
9	BUTTE	ELECTRIC											100.0%	7,996
10	BUTTE SOUTH	ELECTRIC											100.0%	4,786
11	CANYON FERRY	ELECTRIC											100.0%	815
12	CASCADE	ELECTRIC											100.0%	902
13	CLANCY	ELECTRIC											100.0%	731
14	CLYDE PARK	ELECTRIC											100.0%	563
15	COLSTRIP	ELECTRIC											100.0%	1,009
16	COLUMBUS	ELECTRIC											100.0%	1,805
17	CONRAD	ELECTRIC											100.0%	800
18	COOKE CITY	ELECTRIC											100.0%	316
19	CORVALLIS	ELECTRIC											100.0%	2,897
20	CUT BANK	ELECTRIC											100.0%	1,686
21	DARBY	ELECTRIC											100.0%	1,723
22	DEER LODGE	ELECTRIC											100.0%	1,901
23	DILLON	ELECTRIC											100.0%	3,239
24	DUTTON	ELECTRIC											100.0%	229
25	EAST GLACIER PARK	ELECTRIC											100.0%	368
26	EAST HELENA	ELECTRIC											100.0%	2,706
27	FAIRVIEW	ELECTRIC											100.0%	212
28	FORSYTH	ELECTRIC											100.0%	251
29	FRENCHTOWN	ELECTRIC											100.0%	1,774
30	FROMBERG	ELECTRIC											100.0%	353
31	Subtotal Page 1													113,281

WMRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	Year 2008	
													% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	GALLATIN GATEWAY	ELECTRIC											100.0%	1,045
2	GARDINER	ELECTRIC											100.0%	873
3	GLENDIVE	ELECTRIC											100.0%	959
4	GREAT FALLS	ELECTRIC											100.0%	25,029
5	HAMILTON	ELECTRIC											100.0%	6,566
6	HARDIN	ELECTRIC											100.0%	1,938
7	HAVRE	ELECTRIC											100.0%	4,515
8	HELENA MAIN	ELECTRIC											100.0%	19,667
9	HELENA NORTH	ELECTRIC											100.0%	2,133
10	JOLIET	ELECTRIC											100.0%	983
11	LAUREL	ELECTRIC											100.0%	3,809
12	LEWISTOWN	ELECTRIC											100.0%	2,309
13	LIVINGSTON	ELECTRIC											100.0%	5,350
14	LOLO	ELECTRIC											100.0%	3,101
15	MANHATTAN	ELECTRIC											100.0%	957
16	MILES CITY	ELECTRIC											100.0%	1,410
17	MILLTOWN	ELECTRIC											100.0%	749
18	MISSOULA MAIN	ELECTRIC											100.0%	27,572
19	MISSOULA SOUTH	ELECTRIC											100.0%	3,182
20	OPPORTUNITY	ELECTRIC											100.0%	373
21	PARK CITY	ELECTRIC											100.0%	677
22	POWELL	ELECTRIC											100.0%	1
23	PRAY	ELECTRIC											100.0%	873
24	RED LODGE	ELECTRIC											100.0%	2,519
25	ROBERTS	ELECTRIC											100.0%	334
26	SHELBY	ELECTRIC											100.0%	691
27	SHEPHERD	ELECTRIC											100.0%	1,273
28	SIDNEY	ELECTRIC											100.0%	655
29	ST MARY	ELECTRIC											100.0%	316
30	STEVENSVILLE	ELECTRIC											100.0%	3,936
31	Subtotal Page 2													123,885

WIRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY

Central Office and Access Line Statistics

Year 2008

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident 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	TERRY	ELECTRIC											100.0%	30
2	THREE FORKS	ELECTRIC											100.0%	1,604
3	TOWNSEND	ELECTRIC											100.0%	1,791
4	ULM	ELECTRIC											100.0%	346
5	VAUGHN	ELECTRIC											100.0%	966
6	VICTOR	ELECTRIC											100.0%	1,480
7	WARM SPRINGS	ELECTRIC											100.0%	219
8	WEST GLACIER	ELECTRIC											100.0%	556
9	WEST YELLOWSTONE	ELECTRIC											100.0%	1,727
10	WHITEHALL	ELECTRIC											100.0%	1,643
11	WIBAUX	ELECTRIC											100.0%	127
12	WILLSALL	ELECTRIC											100.0%	471
13	WOLF CREEK	ELECTRIC											100.0%	325
14														
15														
16														
17														
18														
19														
20	Subtotal Page 3													11,285
21														
22	MONTANA		135,086	3	0	5,905	3,958	10,156	54,232	1,015	44	38,052		248,451

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	AMSTERDAM	Remote/BOZEMAN	Digital	LUCENT	5ESS/RSM	1,824	1993
2	ANACONDA	Remote/HELENA HOST	Digital	ERSN	AXE/RSS	5,504	1992
3	BELGRADE	Stand Alone	Digital	LUCENT	5ESS	13,752	2001
4	BILLINGS MAIN	Host	Digital	ERSN	AXE		1991
5	BILLINGS MAIN	Packet (Unreg)	Packet	NTI	DPN100		1993
6	BILLINGS MAIN	Stand Alone	Digital	LUCENT	5ESS	62,637	1994
7	BILLINGS MAIN	STP	Digital	ERSN	AXE/STP		1992
8	BILLINGS WEST	Lines/Host	Digital	LUCENT	5ESS	28,952	1985
9	BILLINGS WEST	Packet (Unreg)	Packet	NTI	DPN100		1988
10	BOULDER	Remote/HELENA HOST	Digital	ERSN	AXE/RSS	1,280	1992
11	BOZEMAN	Stand Alone	Digital	LUCENT	5ESS	45,182	1984
12	BOZEMAN	STP	Digital	ERSN	AXE/STP		1992
13	BRIDGER	Remote/BILLINGS HOST	Digital	ERSN	AXE/RSS	1,024	1993
14	BUTTE MAIN	Stand Alone	Digital	LUCENT	5ESS	16,159	1990
15	BUTTE SOUTH	Remote/BUTTE HOST	Digital	LUCENT	5ESS/ORM	9,424	1995
16	CANYON FERRY	Remote/HELENA HOST	Digital	ERSN	AXE/RSS	1,278	1993
17	CASCADE	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	1,632	1994
18	CLANCY	Remote/HELENA HOST	Digital	ERSN	AXE/RSS	1,536	1993
19	CLYDE PARK	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	896	1992
20	COLSTRIP	Remote/BILLINGS HOST	Digital	LUCENT	5ESS/RSM	2,144	1997
21	COLUMBUS	Remote/BILLINGS HOST	Digital	ERSN	AXE/RSS	2,302	1992
22	CONRAD	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	2,560	1994
23	COOKE CITY	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	640	1992
24	CORVALLIS	Remote/HAMILTON	Digital	ERSN	AXE/RSS	3,712	1991
25	CUT BANK	Remote/SHELBY	Digital	ERSN	AXE/RSS	2,888	1994
26	DARBY	Remote/HAMILTON	Digital	ERSN	AXE/RSS	2,432	1991
27	DEER LODGE	Remote/HELENA HOST	Digital	ERSN	AXE/RSS	2,944	1990
28	DILLON	Remote/HELENA HOST	Digital	ERSN	AXE/RSS	4,735	1992
29	DUTTON	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	512	1994
30	EAST GLACIER	Remote/SHELBY	Digital	ERSN	AXE/RSS	512	1993
31	EAST HELENA	Remote/HELENA HOST	Digital	LUCENT	5ESS/RSM	7,160	1988
32	FAIRVIEW	Remote/GLENDIVE	Digital	ERSN	AXE/RSS	1,024	1993
33	FORSYTH	Remote/MILES CITY	Digital	ERSN	AXE/RSS	2,048	1992
34	FRENCHTOWN	Remote/MISSOULA HOST	Digital	LUCENT	5ESS/RSM	3,264	1990
35	FROMBERG	Remote/BILLINGS HOST	Digital	ERSN	AXE/RSS	512	1993
36	GALLATIN GATEWAY	Remote/BOZEMAN	Digital	LUCENT	5ESS/RSM	1,888	1993
37	GARDINER	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	1,536	1991
38	GLENDIVE	Stand Alone	Digital	ERSN	AXE	4,992	1992
39	GREAT FALLS	Lines/Host	Digital	LUCENT	5ESS	55,272	1987
40	GREAT FALLS	Packet (Unreg)	Packet	NTI	DPN100		1993
41	HAMILTON	Stand Alone	Digital	ERSN	AXE	9,216	1991
42	HARDIN	Remote/BILLINGS HOST	Digital	ERSN	AXE/RSS	2,816	1992
43	HAVRE	Stand Alone	Digital	ERSN	AXE	8,448	1991
44	HELENA MAIN	Host	Digital	ERSN	AXE		1990
45	HELENA MAIN	Lines/Host	Digital	LUCENT	5ESS	35,104	1988
46	HELENA MAIN	STP	Digital	ERSN	AXE/STP		1992
47	HELENA NORTH	Remote/HELENA HOST	Digital	LUCENT	5ESS/RSM	5,376	1988
48	JOLIET	Remote/BILLINGS HOST	Digital	ERSN	AXE/RSS	1,408	1993
49	LAUREL	Remote/BILLINGS HOST	Digital	ERSN	AXE/RSS	5,504	1992
50	LEWISTOWN	Stand Alone	Digital	ERSN	AXE	7,040	1993

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)
51	LIVINGSTON	Stand Alone	Digital	ERSN	AXE	8,320	1992
52	LOLO	Remote/MISSOULA HOST	Digital	LUCENT	5ESS/RSM	7,247	1993
53	MANHATTAN	Remote/BOZEMAN	Digital	LUCENT	5ESS/RSM	2,141	1993
54	MILES CITY	Stand Alone	Digital	ERSN	AXE	7,168	1992
55	MILLTOWN	Remote/MISSOULA HOST	Digital	LUCENT	5ESS/RSM	2,112	1993
56	MISSOULA MAIN	Lines/Host	Digital	LUCENT	5ESS	60,312	1986
57	MISSOULA MAIN	STP	Digital	ERSN	AXE/STP		1992
58	MISSOULA SOUTH	Remote/MISSOULA HOST	Digital	LUCENT	5ESS/ORM	8,704	1993
59	OPPORTUNITY	Remote/HELENA HOST	Digital	ERSN	AXE/RSS	766	1992
60	PARK CITY	Remote/BILLINGS HOST	Digital	ERSN	AXE/RSS	1,408	1992
61	PRAY	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	1,280	1990
62	RED LODGE	Remote/BILLINGS HOST	Digital	ERSN	AXE/RSS	3,712	1992
63	ROBERTS	Remote/BILLINGS HOST	Digital	ERSN	AXE/RSS	640	1993
64	SAINT MARY	Remote/SHELBY	Digital	ERSN	AXE/RSS	512	1993
65	SHELBY	Stand Alone	Digital	ERSN	AXE	2,432	1993
66	SHEPHERD	Remote/BILLINGS WEST	Digital	LUCENT	5ESS/RSM	2,936	1985
67	SIDNEY	Remote/GLENDIVE	Digital	ERSN	AXE/RSS	4,608	1993
68	STEVENSVILLE	Remote/HAMILTON	Digital	ERSN	AXE/RSS	6,143	1991
69	TERRY	Remote/MILES CITY	Digital	ERSN	AXE/RSS	512	1994
70	THREE FORKS	Remote/BOZEMAN	Digital	LUCENT	5ESS/RSM	3,013	1993
71	TOWNSEND	Remote/HELENA HOST	Digital	ERSN	AXE/RSS	2,560	1992
72	ULM	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	1,024	1993
73	VAUGHN	Remote/GREAT-FALLS	Digital	LUCENT	5ESS/RSM	2,048	1993
74	VICTOR	Remote/HAMILTON	Digital	ERSN	AXE/RSS	2,048	1991
75	WARM SPRINGS	Remote/HELENA HOST	Digital	ERSN	AXE/RSS	383	1992
76	WEST GLACIER	Remote/SHELBY	Digital	ERSN	AXE/RSS	768	1993
77	WEST YELLOWSTONE	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	2,816	1991
78	WHITEHALL	Remote/HELENA HOST	Digital	ERSN	AXE/RSS	2,432	1992
79	WIBAUX	Remote/GLENDIVE	Digital	ERSN	AXE/RSS	639	1994
80	WILLSALL	Remote/LIVINGSTON	Digital	ERSN	AXE/RSS	512	1992
81	WOLF CREEK	Remote/HELENA HOST	Digital	ERSN	AXE/RSS	512	1992

Construction Budget-Montana

(Thousands of Dollars)

Year 2008

Line No.	Description (a)	Year 2008 Frst (b)
1	Central Office Assets:	
2		
3		
4		
5		
6		
7		
8	COE projects over \$500,000	0
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26		
27	Total Switching and Central Office Projects over \$500,000	0
28	Miscellaneous Central Office Projects not over \$500,000	8,600
29	Total Central Office Budget (L.27+L.28)	8,600
30	Other Projects over \$500,000:	0
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	0
42	Miscellaneous Projects not over \$500,000	10,100
43	Total Construction Budget (L.29+L.41+L.42)*	18,700

Montana Total State Construction Expenditures					Year 2008
Line No.	FCC Part 32 Account No (a)	Description (b)	(\$ 000) This Year (c)	(\$ 000) Last Year (d)	Percent Change (e)
1	2110	General Support Assets	481	1,294	-62.85%
2	2210	Central Office Assets	766	1,009	-24.13%
3	2220	Operator Systems	0	0	0.00%
4	2230	Central Office Transmission	6,134	6,723	-8.77%
5	2310	Information/Termination Assets	158	197	-19.84%
6	2410	Cable and Wire Facilities Assets	9,098	9,644	-5.66%
7	2680	Amortizable Tangible Assets	49	43	15.37%
8	2690	Intangibles	1,343	562	138.97%
9		Total Construction Expenditures	18,028	19,472	-7.41%

Montana Employee Counts

Year 2008

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Mass Markets-Consumer	3	14
2	Business Markets Group	9	10
3	Network Services	189	159
4	Finance		
5	Real Estate/Procurement/Fleet	8	7
6	Public Policy	3	3
7	Other Affiliates	15	1
8	Legal	1	1
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Compensation of Top 10 Montana Based Employees

Year 2008

Line	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	<i>THIS INFORMATION IS PROPRIETARY AND PROVIDED UNDER SEPARATE COVER</i>						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11	Totals (Sum L.1 to L.10)	0	0	0	0	0	N/A

Compensation of Top 5 Corporate Employees - SEC Information

Year 2008

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other (1) Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	Current Executives Edward A. Mueller Chairman and Chief Executive Officer(2)	\$ 1,200,000	\$ 2,250,000	\$ 6,982,615	\$ 10,432,615	\$ 5,627,367	85.4%
2	Thomas E. Richards Executive Vice President and Chief Operating Officer	\$ 580,000	\$ 682,576	\$ 1,895,397	\$ 3,157,973	\$ 1,924,674	64.1%
3	Richard N. Baer Executive Vice President, General Counsel and Chief Admin. Officer	\$ 654,885	\$ 911,324	\$ 2,159,818	\$ 3,726,027	\$ 3,567,033	3.9%
4	Joseph J. Euteneuer Executive Vice President and Chief Financial Officer(3)	\$ 192,923	\$ 300,246	\$ 507,247	\$ 1,000,416	\$ -	0.0%
5	C. Daniel Yost Executive Vice President, Mass Markets Group	\$ 462,331	\$ 419,328	\$ 1,726,145	\$ 2,607,804	\$ -	0.0%
	Former Executive John W. Richardson Executive Vice President and Chief Financial Officer(4)	412,428	0	\$ 711,114	\$ 1,123,542	2,229,036	-49.6%
6	Totals (Sum L.1 to L.5)	\$ 3,502,567	\$ 4,563,474	\$ 13,982,336	\$ 22,048,377	\$ 13,368,110	

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(#) Details of "other compensation" and footnote references associated with each officer are publicly available in the Qwest Communications International, Inc. Definitive Proxy Statement, dated March 18, 2009, beginning on page 39, filed with the SEC and available from www.sec.gov

Montana Composite Statistics

Year 2008

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (\$ 000)	
2	2001	Plant in Service	639,271
3	2003-2004	Construction Work in Progress	1
4	2005	Plant Acquisition Adjustments	0
5	2002	Plant Held for Future Use	0
6	1220	Materials & Supplies	351
7		(Less):	
8	3100-3400	Depreciation & Amortization Reserves	520,430
9	4360.2	Contributions in Aid of Construction	0
10		NET BOOK COSTS	119,193
11		Revenues & Expenses (Intrastate Only) (\$ 000)	
12	5000-5300	Operating Revenues	113,248
13	6560	Depreciation & Amortization Expenses	23,519
14		Federal & State Income Taxes	12,204
15		Other Taxes	8,903
16		Other Operating Expenses	37,364
17		TOTAL Operating Expenses	81,990
18		Net Operating Income	31,258
19		Other Income	(1,458)
20		Other Deductions	14,279
21		NET INCOME	15,521
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	144,952
24		Business Access Lines	100,419
25		PBX Access Lines	2,021
26		Other Access Lines (Public)	1,059
27		Total Number of Access Lines	248,451
28		Average Number of Calls Per Access Line	
29		Local Calls	See Notes to Schedules 9, 21, 29.
30		Toll Calls (Intra- or Interstate)	
31		Total Number of Calls Per Access Line (L.29 + L.30)	
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	17.12
34		Gross Plant Investment per Access Line	2,574

Depreciation-Montana Intrastate Regulated

(Thousands of Dollars)

Year 2008

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$000 (d)
1		2112 MOTOR VEHICLES	4.9%	101
2		2114 SPEC PURPOSE VEHICLES	5.8%	0
3		2115 GARAGE WORK EQUIPMENT	10.5%	18
4		2116 OTHER WORK EQUIP	5.3%	294
5		2121 BUILDINGS	3.4%	1,218
6		2122 FURNITURE	20.8%	2
7		2123.1 OFFICE EQUIPMENT	10.6%	36
8		2123.2 COMPANY COMM EQUIP	8.3%	15
9		2124 GEN PURPOSE CMPTR	0.2%	67
10		2212 DIGITAL SW EQUIP	7.1%	7,618
11		2220 OPERATOR SYSTEMS	0.0%	0
12		2231 RADIO SYSTEMS	11.2%	736
13		2232 CIRCUIT DDS	11.7%	0
14		2232 CIRCUIT DIGITAL	11.2%	5,472
15		2232 CIRCUIT ANALOG	24.0%	0
16		2362 OTHER TERM EQUIP	13.1%	237
17		2411 POLE LINES	10.1%	-509
18		2421 AERIAL CABLE MET	6.8%	1,333
19		2421 AERIAL CABLE NON MET	11.6%	24
20		2422 UNDGRD CABLE MET	6.3%	1,304
21		2422 UNDGRD CABLE NON MET	6.6%	448
22		2423 BURIED CABLE MET	4.6%	9,939
23		2423 BURIED CABLE NON MET	6.2%	1,544
24		2424 SUB CABLE MET	2.4%	0
25		2424 SUB CABLE NON MET	0.0%	0
26		2426 INTRA BLDG CA MET	4.1%	238
27		2426 INTRA BLDG CABLE NON MET	7.8%	20
28		2431 AERIAL WIRE	0.0%	24
29		2441 CONDUIT SYSTEMS	2.1%	373
30				
31		COMPOSITE TOTAL		30,554
32				
33				
34				
35	Have these rates been approved by the Commission? x Yes No			
36				
37				
38	If yes:	<u>Docket Number</u>	<u>Order Number</u>	
39		96.8.131	593c	

Amortization - Montana Intrastate Regulated

Year 2008

(Thousands of Dollars)

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$000 (d)
1	2681	Capital Leases	varies	2
2	2682	Leasehold Improvements	varies	13
3	2690	Intangibles	20.0%	2,006
4				
5				
6				
7				
8				
9		Capital Leases and LHI's do not have a composite rate - the amortization		
10		varies by the terms of the Leases.		
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34				
35		COMPOSITE TOTAL		2,021
36	Please list the Montana Public Service Commission Docket Order No. approving these amortization rates			
37				
38				
39	Docket Number _____ Order Number _____			
40				

Montana Regulatory Capital Structure & Costs

Year 2008

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number <u>88.12.55</u>			
2	Order Number <u>5398a</u>			
3				
4	Common Equity	50.00%	12.00%	6.000%
5	Preferred Stock	0.00%	0.00%	0.000%
6	Long Term Debt	50.00%	8.88%	4.440%
7	Other		0.00%	0.000%
8	Total	100.00%		10.440%
9	Actual at Year End			
10				
11				
12	Common Equity	4.55%	12.00%	0.546%
13	Preferred Stock	0.00%	0.00%	0.000%
14	Long Term Debt	95.20%	7.90%	7.521%
15	Other	0.25%	7.57%	0.019%
16	Total	100.00%		8.086%

Note 1: The authorized level is 12.00%, per revised 1993 Annual Report.

SCHEDULE 32

Network Access - Charges and Revenues

(Thousands of Dollars)

Year 2008

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	3,145	114,519
2			
3	Montana - Intrastate	284	17,205
4			
5	Montana - Intrastate Regulated	284	13,126
6			
7			
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12			
13			

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	Qwest BroadBand Services, Inc.	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	44		1
2		FDC		44		1
3		CORPORATE GENERAL & ADMINISTRATIVE SERVICES	PCP	52,691		
4		PCP		52,691		
5		TOTAL		52,735		
6	Qwest Government Services, Inc.	ACCRUAL	FDC	285,252		5,815
7		CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	2,724,876		51,852
8		TOTAL		3,010,127		57,668
9				3,010,127		57,668
10	Qwest Communications Company, LLC f/k/a/Qwest Communications Corporation	COMMUNICATIONS SERVICES	FDC	64,986,357		1,095,304
11		CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	(323,280)		(5,581)
12		LEASED ASSETS & FACILITIES	FDC	3,275,156		188
13		NETWORK SERVICES	FDC	1,958,410		886
14		FDC		69,896,643		1,090,797
15		LEASED ASSETS & FACILITIES	FMV	13,027,227		
16		FMV		13,027,227		
17		ACCRUAL		49,219		1,003
18		COMMUNICATIONS SERVICES	PCP	29,524,967		484,347
19		PCP		29,574,186		485,350
20	TOTAL		112,498,057		1,576,147	
21	Self Service Software Services, LTD	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	26,981,584		552,584
22		FDC		26,981,584		552,584
23		TOTAL		26,981,584		552,584
24	Qwest Wireless, LLC	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	6,576,067		207,152
25		FDC		6,576,067		207,152
26		TOTAL		6,576,067		207,152

Part 32 requires that affiliates bill QC at the lower of FDC or FMV. Therefore, Column C, Methods To Determine Price, can change depending upon the outcome of the pricing audit.

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	Qwest Wireless, LLC	MARKETING & SALES	FMV	2,591,436		59,901
2		FMV		2,591,436		69,901
3		COMMUNICATIONS SERVICES	PCP	7,776,920		178,058
4		CORPORATE GENERAL & ADMINISTRATIVE SERVICES	PCP	(37,721)		(769)
5		NETWORK SERVICES	PCP	157		
6		PCP		7,739,356		177,289
7		TOTAL		16,906,859		454,341
8		GRAND TOTAL		159,449,362		2,640,741
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Part 32 requires that affiliates bill QC at the lower of FDC or FMV. Therefore, Column C, Methods To Determine Price, can change depending upon the outcome of the pricing audit.

Affiliate Transactions - Products & Services Provided by Utility

Year: 2008

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments to MT Utility (f)
1	Qwest BroadBand Services, Inc.	COMMUNICATIONS SERVICES	FDC	508,045		274
2		CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	7,836,153		24,879
3		LEASED ASSETS & FACILITIES	FDC	1,519,823		11,833
4		MARKETING & SALES	FDC	3,353,468		(10,338)
5		NETWORK SERVICES	FDC	12,027,748		133,160
6		FDC TOTAL		25,245,237		159,809
7		LEASED ASSETS & FACILITIES	FMV	284,264		
8		MARKETING & SALES	FMV	946,846		
9		FMV TOTAL		1,231,110		
10		COMMUNICATIONS SERVICES	PCP	3,598,172		113
11		LEASED ASSETS & FACILITIES	PCP	3,598,172		113
12		LEASED ASSETS & FACILITIES	PUB	38,721,860		
13		NETWORK SERVICES	PUB	18,571		
14		PUB TOTAL		38,740,432		
15		TOTAL		68,814,951		159,922
16	El Paso County Telephone Company	ACCRUAL	FDC	66,566		1,363
17		CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	474,454		1,162
18		LEASED ASSETS & FACILITIES	FDC	108,197		197
19		MARKETING & SALES	FDC	6,578		
20		NETWORK SERVICES	FDC	702,525		
21		FDC TOTAL		1,358,320		2,722
22		TOTAL		1,358,320		2,722
23	Qwest Government Services	ACCRUAL	FDC	1,175,119		23,907
24		COMMUNICATIONS SERVICES	FDC	480,738		9,979
25		CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	30,796,848		12,791
26		LEASED ASSETS & FACILITIES	FDC	1,765,629		14,869
27		MARKETING & SALES	FDC	1,137,598		
28		NETWORK SERVICES	FDC	518,565		7,360
29		FDC TOTAL		35,884,517		68,907
30		TOTAL		35,884,517		68,907

Part 32 requires that Qwest bill affiliates at the higher of FDC or FMV. Therefore, Column C, Methods To Determine Price, can change depending on the outcome of the pricing audit.

Affiliate Transactions - Products & Services Provided by Utility

Year: 2008

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1	Qwest Government Services	LEASED ASSETS & FACILITIES	FMV	738,181		
2		MARKETING & SALES	FMV	416,357		
3		FMV		1,154,537		0
4		NETWORK SERVICES	PCP	86,338		
5		PCP		86,338		0
6		TOTAL		37,125,392		68,907
7	Malheur Home Telephone Company	ACCRUAL	MAL	117,177		2,399
8		COMMUNICATIONS SERVICES	MAL	113		
9		CORPORATE GENERAL & ADMINISTRATIVE SERVICES	MAL	658,100		1,312
10		LEASED ASSETS & FACILITIES	MAL	97,357		324
11		MARKETING & SALES	MAL	87,422		
12		NETWORK SERVICES	MAL	1,485,587		629
13	MAL		2,445,756		4,663	
14	TOTAL		2,445,756		4,663	
15	Qwest N Limited Partnership	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	(16,273)		(2,720)
16		LEASED ASSETS & FACILITIES	FDC	21,519		104
17		FDC		5,246		(2,617)
18	TOTAL		5,246		(2,617)	
19	Qwest Communications Company, LLC f/k/a Qwest Communications Corporation	COMMUNICATIONS SERVICES	FDC	22,700,493		461,695
20		CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	253,088,970		711,543
21		LEASED ASSETS & FACILITIES	FDC	106,582,191		316,898
22		MARKETING & SALES	FDC	240,501,671		128,310
23		NETWORK SERVICES	FDC	46,385,797		359,266
24		FDC		669,259,322		1,977,712
25		CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FMV	486,872		10,487
26	LEASED ASSETS & FACILITIES	FMV	1,401,093		26,326	
27	MARKETING & SALES	FMV	83,159,608			

Part 32 requires that Qwest bill affiliates at the higher of FDC or FMV. Therefore, Column C, Methods To Determine Price, can change depending on the outcome of the pricing audit.

Affiliate Transactions - Products & Services Provided by Utility

Year: 2008

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1	Qwest Communications Company, LLC f/k/a Qwest Communications Corporation	FMV		85,047,573		36,813
2		COMMUNICATIONS SERVICES	PCP	347,952		7,371
3		CORPORATE GENERAL & ADMINISTRATIVE SERVICES	PCP	26,441		521
4		LEASED ASSETS & FACILITIES	PCP	961,315		(2,916)
5		NETWORK SERVICES	PCP	(227,204)		4,977
6		NETWORK SERVICES	PCP	1,108,505		113,195
7		NETWORK SERVICES	PUB	254,599		2,132,697
8		NETWORK SERVICES	PUB	254,599		
9		NETWORK SERVICES	TOTAL	755,669,998		
10	Qwest Communications International Limited	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	45		1
11		FDC	45			1
12		TOTAL	45			1
13	Qwest Investment Company	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	13		0
14		FDC	13			0
15		TOTAL	13			0
16	Qwest International Services Corporation	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	27,916		173
17		FDC	27,916			173
18		TOTAL	27,916			173
19	Qwest LD Corp	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	20,892,382		100,573
20		LEASED ASSETS & FACILITIES	FDC	5,121,308		59,154
21		MARKETING & SALES	FDC	29,578,682		(472,501)
22		NETWORK SERVICES	FDC	584,192		6,908
23		MARKETING & SALES	FDC	56,186,564		(305,865.39)
24		MARKETING & SALES	FMV	9,837,703		0
25		COMMUNICATIONS SERVICES	FMV	9,837,703		0
26	COMMUNICATIONS SERVICES	PCP	104,673,598		2,584,580	
27	COMMUNICATIONS SERVICES	PCP	104,673,598		2,584,580	
28		TOTAL	170,697,865		2,278,715	
29						
30						

Part 32 requires that Qwest bill affiliates at the higher of FDC or FMV. Therefore, Column C, Methods To Determine Price, can change depending on the outcome of the pricing audit.

Affiliate Transactions - Products & Services Provided by Utility

Year: 2008

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges by Utility (d)	% Total Affil. Expense (e)	Payments by MT Utility (f)
1	Qwest Transoceanic	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	1,115,751		1,555
2		LEASED ASSETS & FACILITIES	FDC	188,109		735
3		MARKETING & SALES	FDC	553,193		
4		NETWORK SERVICES	FDC	22,682		
5			FDC	1,879,734		2,290
6		NETWORK SERVICES	PCP	39,831		
7		PCP TOTAL		39,831		0
8		TOTAL		1,919,565		2,290
9	Self Service Software Services, LTD	CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	935,220		19,153
10		TOTAL		935,220		19,153
11						
12	Qwest Wireless, LLC	ACCRUAL	FDC	1,576,487		31,994
13		COMMUNICATIONS SERVICES	FDC	493,246		9,486
14		CORPORATE GENERAL & ADMINISTRATIVE SERVICES	FDC	36,258,193		16,912
15		LEASED ASSETS & FACILITIES	FDC	7,984,480		44,425
16		MARKETING & SALES	FDC	15,625,771		(157,419)
17		NETWORK SERVICES	FDC	2,697,770		95,087
18			FDC	64,635,957		40,484
19		LEASED ASSETS & FACILITIES	FMV	1,525,538		9,300
20		MARKETING & SALES	FMV	2,847,087		20,723
21		NETWORK SERVICES	FMV	13,277		
22			FMV	4,385,902		30,023
23		COMMUNICATIONS SERVICES	PCP	19,647,441		258,207
24		PCP TOTAL		19,647,441		258,207
25		LEASED ASSETS & FACILITIES	PUB	126,192		
26			PUB	126,192		0
27		TOTAL		88,795,492		328,714
28						
29		GRAND TOTAL		1,127,795,778		4,995,341
30						

Part 32 requires that Qwest bill affiliates at the higher of FDC or FMV. Therefore, Column C, Methods To Determine Price, can change depending on the outcome of the pricing audit.

Montana Intrastate Regulated Earned Rate of Return

(Thousands of Dollars)

Year 2008

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	608,063	613,384	-0.87%
3	2002 Prop. Held for Future Telecommunications Use	0	0	
4	3100-3200 (Less) Accumulated Depreciation	476,890	463,163	2.96%
5	NET Plant in Service	131,173	150,221	-12.68%
6				
7	<u>Additions</u>			
8	1220 Materials & Supplies	339	270	25.46%
9	1280 Prepayments	0	0	0
10	Other Additions	0	0	
11	TOTAL Additions	339	270	25.46%
12				
13	<u>Deductions</u>			
14	4100 Current Deferred Operating Income Taxes	(3,506)	(2,299)	-52.47%
15	4320 Unamortized Operating Investment Tax Credits	188	506	-62.77%
16	4340 Noncurrent Deferred Operating Income Taxes	16,123	19,718	-18.23%
17	Customer Advances for Construction			
18	Other Deductions	0	0	
19	TOTAL Deductions	12,806	17,924	-28.56%
20	TOTAL Rate Base	118,707	132,567	-10.46%
21				
22	Net Earnings	23,771	33,033	-28.04%
23				
24	Rate of Return on Average Rate Base	20.02%	24.92%	-19.64%
25				
26	Rate of Return on Average Equity	274.40%	198.88%	37.97%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30	Earnings from Docket 93.7.25 - () reduces earnings			
31				
32	Advertising	95	95	0.00%
33	Contributions/Legal Advocacy	8	8	0.00%
34	Miscellaneous Dues	18	18	0.00%
35	Uncollectibles Accrual To Write Off	(131)	(131)	0.00%
36	Interest on Customer Deposits	(37)	(37)	0.00%
37	Total Net Income Adjustments	(47)	(47)	0.00%
38	Rate Base Adjustments			
39	Customer Deposits	453	453	0.00%
40	Land Development Agreements	283	283	0.00%
41	Total Rate Base Adjustments	736	736	0.00%
42				
43	Adjusted Rate of Return on Average Rate Base	20.11%	25.02%	-19.63%
44				
45	Adjusted Rate of Return on Average Equity	276.27%	200.06%	38.10%

Company Name: Qwest Corporation

SCHEDULE 36

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	233,287	292,942
3	Montana Consumer Counsel Tax	76,550	158,829
4	911 Emergency Telephone Fee	2,280,415	2,833,846
5	Montana Telecommunications Access Service (TDD)	308,993	283,192
6	Montana Corporate License Tax	3,733,691	2,761,958
7	Personal Property Tax	11,924,505	12,372,984
8	Real Property Tax	680,680	706,280
9	Montana Excise Tax	3,735,842	4,129,228
10			
11			
12	Total	22,973,963	23,539,259

** Effective 1/1/00 the telephone license was replaced by excise tax on telephone service.

Company Name: Qwest Corporation

SCHEDULE 37

Universal Service Funds Received

Year 2008

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	0	0
14	Funds received from Federal Sources	14,456,194	13,466,953
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	14,456,194	13,466,953

Company Name: Qwest Corporation
Notes to Schedules 9, 21, 29

Schedule 9

Historically, Qwest Corporation prepared Schedule 9 using Table B-2, Statement of Cash Flows, from FCC Report 43-02, the ARMIS USOA Report, which Qwest Corporation filed with the Federal Communications Commission (FCC) . In the December 12, 2008 *ARMIS Financial Reporting Forbearance Order*, FCC 08-271, the FCC granted Qwest Corporation forbearance from the obligation to file ARMIS report 43-02. In accordance with FCC 08-271, Qwest did not prepare and file FCC Report 43-02, including Table B-2, for 2008.

Schedule 21

Historically, Qwest Corporation prepared Schedule 21 using Table I-7, Donations or Payments for Services Rendered by Persons Other Than Employees, from FCC Report 43-02, the ARMIS USOA Report, which Qwest Corporation filed with the Federal Communications Commission (FCC) . In the December 12, 2008 *ARMIS Financial Reporting Forbearance Order*, FCC 08-271, the FCC granted Qwest Corporation forbearance from the obligation to file FCC Report 43-02. In accordance with FCC 08-271, Qwest did not prepare and file FCC Report 43-02, including Table I-7, for 2008.

Schedule 29

Historically, Qwest Corporation prepared the Average Number of Calls Per Access Line on Schedule 29 using Table IV, Telephone Calls, from FCC Report 43-08, the ARMIS Operating Data Report, which Qwest Corporation filed with the Federal Communications Commission (FCC) . In the September 6, 2008 *ARMIS Forbearance Order*, FCC 08-203, the FCC granted Qwest Corporation forbearance from the obligation to file ARMIS Report 43-08 except for columns (fc), (fd), (fe), and (fi) in Table III. In accordance with FCC 08-203, Qwest did not prepare and file FCC Report 43-08 for 2008 except for columns (fc), (fd), (fe), and (fi) in Table III.