

YEAR ENDING \_\_\_\_\_ 2009

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# ANNUAL REPORT

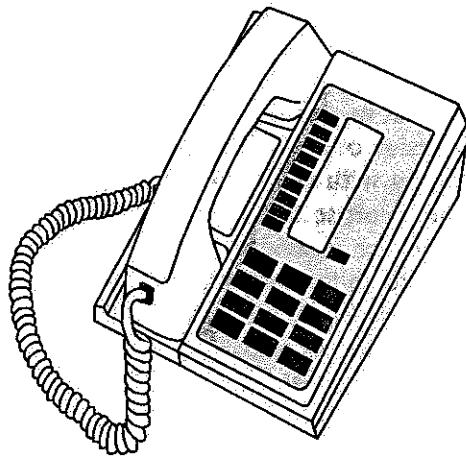
OF

**Lincoln Telephone Company, Inc.**

MAY -3 A 10:29

PUBLIC SERVICE  
COMMISSION

## TELEPHONE UTILITY



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

**General Information**

Year: 2009

1.	Legal Name of Respondent:	Lincoln Telephone Company, Inc.
2.	Name Under Which Respondent Does Business:	Lincoln Telephone Company, Inc.
3.	Date of Incorporation:	1921
4.	Address to send Correspondence Concerning Report:	111 Stemple Pass Road Lincoln, MT 59639
5.	Person Responsible for This Report:	Ken Lumpkin
5a.	Telephone Number:	406/362-4216
<b>Control Over Respondent</b>		
1.	If direct control over the respondent was held by another entity at the end of year provide the following:	
	1a. Name and address of the controlling organization or person:	
	1b. Means by which control was held:	
	1c. Percent Ownership:	

<b>Board of Directors</b>			
Line No.	Name of Director and Address (City, State)		Fees Paid During Year
	(a)		(b)
1	Edward Grady	9768 Lincoln Rd West Canyon Creek, MT 59633	1050
2	Dick Haines	5935 St. Francis Missoula, MT 59802	1050
3	Tim Mulcare	225 Brookfield Helena, MT 59602	1050
4	Robert Orr	Box 1 Lincoln, MT 59639	1050
5	Sheldon Stoner	44 Wonder Rd Clancy, MT 59634	1050
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18	<b>Chairman of the Board:</b>	Robert Orr	
19			
20			

**Officers**

Year: 2009

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)
1	President	Company	Robert Orr
2			111 Stemple Pass Road
3			Lincoln, MT 59639
4			
5	Vice-President	Company	Dick Haines
6			111 Stemple Pass Road
7			Lincoln, MT 59639
8			
9	Secretary	Company	Ken Lumpkin
10			111 Stemple Pass Road
11			Lincoln, MT 59639
12			
13	Treasurer	Company	Ken Lumpkin
14			111 Stemple Pass Road
15			Lincoln, MT 59639
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## Total Company Balance Sheet

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>CURRENT ASSETS:</b>		
2	1120	Cash and Equivalents	379,736	284,306
3	1180	Telecommunications Accounts Receivable - Net	74,522	87,630
4	1190	Other Accounts Receivable - Net	105,724	119,340
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	55,302	38,108
8	* 1280	Prepayments		13,197
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		13,197
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets		
15		<b>Total Current Assets</b>	615,284	542,581
16		<b>NONCURRENT ASSETS:</b>		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	860,020	965,851
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		<b>Total Noncurrent Assets</b>	860,020	965,851
27		<b>PROPERTY, PLANT, &amp; EQUIPMENT:</b>		
28	2001	Telecommunications Plant in Service	6,921,168	6,678,478
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	75,149	
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(4,711,590)	(4,364,906)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		<b>Net Property, Plant, &amp; Equipment</b>	2,284,727	2,313,572
40		<b>TOTAL ASSETS</b>	3,760,031	3,822,004

^ Subaccount of account marked with a \*.

## Total Company Balance Sheet

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		<b>CURRENT LIABILITIES:</b>		
42	4010	Accounts Payable	27,588	18,797
43	4020	Notes Payable		
44	4030	Advance Billing and Payments		
45	4040	Customer Deposits	26,432	3,150
46	4050	Current Maturities - Long Term Debt	64,939	41,924
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	22,295	24,429
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities		
53	4130	Other Current Liabilities		
54		<b>Total Current Liabilities</b>	141,254	88,300
55		<b>LONG-TERM DEBT:</b>		
56	4210	Funded Debt	755,752	835,712
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		<b>Total Long-Term Debt</b>	755,752	835,712
64		<b>OTHER LIABILITIES AND DEFERRED CREDITS:</b>		
65	4310	Other Long-Term Liabilities	582,340	558,573
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	276,641	222,674
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		<b>Total Other Liabilities and Deferred Credits</b>	858,981	781,247
73		<b>STOCKHOLDERS' EQUITY:</b>		
74	4510	Capital Stock	2,450	2,450
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock	(2,240)	(2,240)
77	4540	Other Capital		
78	4550	Retained Earnings	2,003,834	2,116,535
79		<b>Total Stockholders' Equity</b>	2,004,044	2,116,745
80		<b>TOTAL LIAB. AND STOCKHOLDERS' EQUITY</b>	3,760,031	3,822,004

## Total Company Income Statement

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	228,076	236,831
3	5080	Network Access Revenues	872,320	949,325
4	* 5100	Long Distance Message Revenue	22,392	14,272
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	22,392	14,272
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	226,407	198,156
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	224,749	197,247
14	^ 5270	Carrier Billing and Collection Revenue	1,658	909
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	24,974	1,081
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>1,324,221</b>	<b>1,397,503</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense		
20	6120	General Support Expense	32,566	33,441
21	6210	Central Office Switching Expense	292,179	299,027
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	10,462	8,889
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	109,278	81,331
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense	109,278	81,331
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense	3,456	30,890
31	6560	Depreciation and Amortization Expense	291,388	315,695
32	6610	Marketing		
33	6620	Services	193,474	175,987
34	6710	Executive and Planning	85,909	68,163
35	6720	General and Administrative	218,417	246,923
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>1,237,129</b>	<b>1,260,346</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	77,561	44,979
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>9,531</b>	<b>92,178</b>
41	7300	Nonoperating Income and Expense		
42	7400	Nonoperating Taxes	71,167	52,038
43	7500	Interest and Related Items	37,667	4,858
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(152,490)	(157,153)
47		<b>NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)</b>	<b>53,187</b>	<b>192,435</b>

^ Subaccount of the account marked with a \*.

**Montana Total State Income Statement**

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>	<b>Schedule 4</b>	
2	5000	Basic Local Service Revenues		
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>		
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>		

^ Subaccount of the account marked with a \*.

## Montana Intrastate Income Statement

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues		
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>		
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>		

^ Subaccount of the account marked with a \*.



## Montana Intrastate Regulated Income Statement

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>	Schedule 4	
2	5000	Basic Local Service Revenues		
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>		
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>		

^ Subaccount of the account marked with a \*.

**Average Rate Base - Total State**

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	6921168	6678478
2	3100	Accumulated Depreciation	4711590	4364906
3	2002	Property Held for Future Telecommunications Use	75149	
4	3200	Accumulated Depreciation		
5	1220	Materials and Supplies	55302	38108
6	4340	Noncurrent Deferred Operating Income Taxes	276641	222674
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	2063388	2129006

**Average Rate Base - Intrastate**

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

**Average Rate Base - Regulated Intrastate**

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

## Statement of Cash Flows

Year: 2009

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	<b>Increase/(decrease) in Cash &amp; Cash Equivalents</b>		
2	<b>Cash Flows from Operating Activities:</b>		
3	Net Income		53186
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	356349	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	53967	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	27143	
11	Change in Materials, Supplies & Inventories - Net	-17264	
12	Change in Operating Payables & Accrued Liabilities - Net	33527	
13	Change in Other Assets & Deferred Credits - Net	65627	
14	Change in Other Liabilities & Deferred Credits - Net	-41825	
15	Other (explained on back of this page)		
16	Total Adjustments		
17	<b>Net Cash Provided by/(Used in) Operating Activities</b>		530710
18	<b>Cash Inflows/Outflows From Investing Activities:</b>		
19	Construction/Acquisition of Property, Plant & Equipment (net of	-255835	
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	<b>Net Cash Provided by/(Used in) Investing Activities</b>		-255835
26	<b>Cash Flows from Financing Activities:</b>		
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	-56945	
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid	-122500	
36	Other Financing Activities (explained on back of this page)		
37	<b>Net Cash Provided by Financing Activities</b>		-179445
38	<b>Effect of Exchange Rate Changes on Cash</b>		
39	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		95,430
40	<b>Cash &amp; Cash Equivalents at Beginning of Period</b>		284306
41	<b>Cash &amp; Cash Equivalents at End of Period</b>		379736

Receivables and Investments-Affiliated & Nonaffiliated Companies Year: 2009

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	Subscribers		74522								
2											
3	ATT				20569						
4	MCI				1689						
5	NECA				36308						
6	Sprint				3503						
7	Allnet				14802						
8	Other Carriers				28853						
9											
10											
11											
12											
13	MTA										1640
14	NISC										29235
15	MAIN										480507
16											
17											
18											
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24											
25											
26											
27											
28											
29											
30	<b>Totals</b>		74522		105724						511382

Net Plant in Service - Detail

Year: 2009

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	893542	9430			902972	835085	67887
2	^ 2111	Land	42666				42666		42666
3	^ 2112	Motor Vehicles	409034				409034	409034	
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles							
6	^ 2115	Garage Work Equipment	57724				57724	53110	4614
7	^ 2116	Other Work Equipment	220983	6822			227805	222625	5180
8	^ 2121	Buildings							
9	^ 2122	Furniture							
10	^ 2123	Office Equipment	39387				39387	26571	12816
11	^ 2124	General Purpose Computers	123748	2608			126356	123745	2611
12	2211	Analog Electronic Switching							
13	2212	Digital Electronic Switching							
14	2215	Electro-Mechanical Switching	2145076	122190			2267266	1839388	427878
15	2220	Operator Systems							
16	2231	Radio Systems	26297				26297	26297	
17	2232	Circuit Equipment	71836				71836	71836	
18	* 2310	Information Orig & Term Equip	17293				17293	17293	
19	^ 2311	Station Apparatus							
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.	17293				17293	17293	
23	^ 2362	Other Terminal Equipment							
24	2411	Poles							
25	* 2420	Cable and Wire Facilities	3514050	111070			3625120		3625120
26	^ 2421	Aerial Cable	267				267	267	
27	^ 2422	Underground Cable							
28	^ 2423	Buried Cable							
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable							
32	2431	Aerial Wire	10384				10384	10384	
33	2441	Conduit Systems							
34		<b>Totals</b>	6678478	242690			6921168	4711590	2209578

^ Subaccount of the account marked with a \*.

**Analysis of Plant Held for Future Use**

**Year 2009**

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							
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19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	<b>Totals (Sum L.1 to L.29)</b>						

Average Cost of Long Term Debt

Year: 2009

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	USDA/REA	1979	2014	1119000				176437		4647		2.63%
2												
3	USDA/REA	Jun-05	Jul-05	657235				644253		33745		5.24%
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	<b>Total</b>			1776235				820690		38392		4.68%

		Cost of Preferred Stock										Year: 2009	
Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)	
1													
2	NONE												
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
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18													
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20													
21													
22													
23													
24													
25													
26													
27													
28													
29													
30	<b>Totals (Sum L.1 to L.29)</b>												



Analysis of Common Stock

Year: 2009

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price High (g) Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:	98	20449	543	1250	-56.56%	Stock Not Publically Traded	
2								
3								
4								
5								
6								
7								
8	Month by Month Data:							
9	January							
10	February							
11	March							
12	April							
13	May							
14	June							
15	July							
16	August							
17	September							
18	October							
19	November							
20	December							
21								
22								
23								

**Capital Stock and Funded Debt Reacquired or Retired During the Year**

Year: 2009

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	<b>Totals (Sum L.1 to L.29)</b>							

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	*	6110	Network Support Expense					
2	^	6112	Motor Vehicle Expense					
3	^	6113	Aircraft Expense					
4	^	6114	Special Purpose Vehicles Expense					
5	^	6115	Garage Work Equipment Expense					
6	^	6116	Other Work Equipment Expense					
7	*	6120	General Support Expense					
8	^	6121	Land and Building Expense					
9	^	6122	Furniture and Artworks Expense					
10	^	6123	Office Equipment Expense					
11	^	6124	General Purpose Computers Expense					
12	*	6210	Central Office Switching Expense					
13	^	6211	Analog Electronic Expense					
14	^	6212	Digital Electronic Expense					
15	^	6215	Electro-Mechanical Expense					
16	^	6220	Operator Systems Expense					
17	*	6230	Central Office Transmission Expense					
18	^	6231	Radio Systems Expense					
19	^	6232	Circuit Equipment Expense					
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					
26	^	6411	Poles Expense					
27	^	6421	Aerial Cable Expense					
28	^	6422	Underground Cable Expense					
29	^	6423	Buried Cable Expense					
30	^	6424	Submarine Cable Expense					
31	^	6425	Deep Sea Cable Expense					
32	^	6426	Intrabuilding Network Cable Expense					
33	^	6431	Aerial Wire Expense					
34			<b>Subtotals</b>					

^ 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						
36		6510 Other Property Expenses						
37	*	6530 Network Operations Expense						
38	^	6531 Power Expense						
39	^	6532 Network Administration Expense						
40	^	6533 Testing Expense						
41	^	6534 Plant Operations Expense						
42	^	6535 Engineering Expense						
43		6540 Access Expense						
44		6561 Depreciation - Telecomm. Plant in Service						
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						
50	^	6611 Product Management						
51	^	6612 Sales						
52	^	6613 Product Advertising						
53		6621 Call Completion Services						
54		6622 Number Services						
55		6623 Customer Services						
56		6711 Executive						
57		6712 Planning						
58		6721 Accounting and Finance						
59		6722 External Relations						
60		6723 Human Relations						
61		6724 Information Management						
62		6725 Legal						
63		6726 Procurement						
64		6727 Research and Development						
65		6728 Other General and Administrative						
66		6790 Provision for Uncollectible Notes Receivable						
67		<b>Totals</b>						

^ Subaccount of the account marked with a \*.

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense						
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense						
8	^	Land and Building Expense						
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense						
12	*	Central Office Switching Expense						
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense						
18	^	Radio Systems Expense						
19	^	Circuit Equipment Expense						
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense						
26	^	Poles Expense						
27	^	Aerial Cable Expense						
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		<b>Subtotals</b>						

^ 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						
36		6510 Other Property Expenses						
37	*	6530 Network Operations Expense						
38	^	6531 Power Expense						
39	^	6532 Network Administration Expense						
40	^	6533 Testing Expense						
41	^	6534 Plant Operations Expense						
42	^	6535 Engineering Expense						
43		6540 Access Expense						
44		6561 Depreciation - Telecomm. Plant in Service						
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						
50	^	6611 Product Management						
51	^	6612 Sales						
52	^	6613 Product Advertising						
53		6621 Call Completion Services						
54		6622 Number Services						
55		6623 Customer Services						
56		6711 Executive						
57		6712 Planning						
58		6721 Accounting and Finance						
59		6722 External Relations						
60		6723 Human Relations						
61		6724 Information Management						
62		6725 Legal						
63		6726 Procurement						
64		6727 Research and Development						
65		6728 Other General and Administrative						
66		6790 Provision for Uncollectible Notes Receivable						
67		Totals						

^ Subaccount of the account marked with a \*.

**Pension Costs**

Year: 2009

1	Plan Name _____			
2	Defined Benefit Plan? _____	Defined Contribution Plan? _____		
3	Actuarial Cost Method? _____	IRS Code: _____		
4	Annual Contribution by Employer: _____	Is the Plan Over Funded? _____		
5				
	Item	Current Year	Last Year	% Change
6	<b>Change in Benefit Obligation</b>			
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	<b>Change in Plan Assets</b>			
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	<b>Funded Status</b>			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	<b>Weighted-average Assumptions as of Year End</b>			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	<b>Components of Net Periodic Benefit Costs</b>			
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	<b>Montana Intrastate Costs:</b>			
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	<b>Number of Company Employees:</b>			
47	Covered by the Plan			
48	Not Covered by the Plan			
49	Active			
50	Retired			
51	Deferred Vested Terminated			

**Other Post Employment Benefits (OPEBS)**

	Item	Current Year	Last Year	% Change
1	<b>Regulatory Treatment:</b>			
2	Commission authorized - most recent			
3	Docket number: _____			
4	Order number: _____			
5	Amount recovered through rates			
6	<b>Weighted-average Assumptions as of Year End</b>			
7	Discount rate			
8	Expected return on plan assets			
9	Medical Cost Inflation Rate			
10	Actuarial Cost Method			
11	Rate of compensation increase			
12	<b>List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>			
13				
14				
15	<b>Describe any Changes to the Benefit Plan:</b>			
16				
17	<b>TOTAL COMPANY</b>			
18	<b>Change in Benefit Obligation</b>			
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	<b>Change in Plan Assets</b>			
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	<b>Funded Status</b>			
37	Unrecognized net actuarial loss			
38	Unrecognized prior service cost			
39	Prepaid (accrued) benefit cost			
40	<b>Components of Net Periodic Benefit Costs</b>			
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	<b>Accumulated Post Retirement Benefit Obligation</b>			
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	<b>Number of Company Employees:</b>			
2	Covered by the Plan			
3	Not Covered by the Plan			
4	Active			
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	<b>Montana</b>			
8	<b>Change in Benefit Obligation</b>			
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	<b>Change in Plan Assets</b>			
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	<b>Funded Status</b>			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	<b>Components of Net Periodic Benefit Ccosts</b>			
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	<b>Accumulated Post Retirement Benefit Obligation</b>			
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	<b>Montana Intrastate Costs:</b>			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	<b>Number of Montana Employees:</b>			
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: 2009

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
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38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	<b>Total</b>				

**Subscriber Line Usage Data**

Year: 2009

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	3769744	76.80%	3827336	69.75%
3	Interstate, IntraLATA				
4	<b>Total Interstate Usage</b>	3769744	76.80%	3827336	69.75%
5	Intrastate, InterLATA				
6	Intrastate, IntraLATA	1139067	23.20%	1659846	30.25%
7	<b>Total Intrastate Usage</b>	1139067	23.20%	1659846	30.25%
8	<b>Total Toll Usage</b>	4908811	100.00%	5487182	100.00%
9	Centrex				
10	Local				
11	<b>Total Minutes</b>	4908811	100.00%	5487182	100.00%

Year: 2009

**Central Office and Access Line Statistics**

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifeline Customers (f)	Residential LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	LINCOLN	DIGITAL	659			15		58	116	7		24		864
2														
3	CANYON CREEK	DIGITAL	147					4	2		1	4		158
4														
5														
6														
7														
8														
9														
10														
11														
12														
13														
14														
15														
16														
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22														
23														
24														
25														
26														
27														
28														
29														
30														
31														
32														
33	<b>Total</b>		806			15		62	118	7	1	28		1022

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

**Central Office and Switch Information**

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	LINCOLN	HOST	DIGITAL	NORTHERN TELECOM	DMS 10	10,000	1985
2							
3	CANYON CREEK	REMOTE	DIGITAL	NORTHERN TELECOM	RSLM	1,296	1986
4							
5							
6							
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48							

**Construction Budget - Montana**

Year: 2009

Line No.	Description (a)	(b)
1	<b>Central Office Assets:</b>	
2		
3	Soft Switch	200000
4	DSL Platforms	100000
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	
29	<b>Total Central Office Budget (Total of Line 27 &amp; Line 28)</b>	
30	<b>Other Projects over \$500,000:</b>	
31		
32	Buried Plant Additions	70000
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	
43	<b>Total Construction Budget (Total of Lines 29, 41 &amp; 42)</b>	<b>370000</b>

### 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	9430	20604	-54.23%
2	2210	Central Office Assets	122190	115508	5.78%
3	2220	Operator Systems			
4	2230	Central Office Transmission			
5	2310	Information/Termination Assets			
6	2410	Cable and Wire Facilities Assets	111070	143262	-22.47%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		<b>Total Construction Expenditures</b>	<b>242690</b>	<b>279374</b>	<b>-13.13%</b>

**Montana Employee Counts**

Year: 2009

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	MANAGER	1	1
2	ASSISTANT MANAGER	1	1
3	COMMERCIAL CLERK	2	2
4	COMBINATION TECHNICIAN	2	2
5			
6			
7			
8			
9			
10			
11			
12			
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14			
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41			
42			
43	<b>Totals (Sum of Lines 1 through 42)</b>	6	6



**Compensation of Top 10 Montana Based Employees**

Year: 2009

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11	<b>Totals (Sum L.1 to L.10)</b>						

**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							
2							
3							
4							
5							
6	<b>Totals (Sum L.1 to L.5)</b>						

## Montana Composite Statistics

Year: 2009

Line No.	Account No.	Description (a)	Amount (b)
1		<b>Plant (Intrastate Only) (000 Omitted)</b>	
2	2001	Plant in Service	6921168
3	2003 - 2004	Construction Work in Progress	74522
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	55302
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-4711590
9	4360.2	Contributions in Aid of Construction	
10		<b>NET BOOK COSTS</b>	2339402
11		<b>Revenues &amp; Expenses (Intrastate Only) (000 Omitted)</b>	
12	5000 - 5300	Operating Revenues	1324221
13	6560	Depreciation & Amortization Expenses	291388
14		Federal & State Income Taxes	45911
15		Other Taxes	31650
16		Other Operating Expenses	945741
17		TOTAL Operating Expenses	1314690
18		Net Operating Income	9531
19		Other Income	43656
20		Other Deductions	
21		<b>NET INCOME</b>	53187
22		<b>Access Lines in Service (Intrastate Only)</b>	
23		Residential Access Lines	806
24		Business Access Lines	188
25		PBX Access Lines	
26		Other Access Lines	28
27		<b>Total Number of Access Lines</b>	1022
28		<b>Average Number of Calls Per Access Line</b>	
29		Local Calls	
30		Toll Calls (Intra- or Interstate)	
31		<b>Total Number of Calls Per Access Line (Total of Line 29 &amp; Line 30)</b>	
32		<b>Other Statistics (Intrastate Only)</b>	
33		Average Residential Monthly Bill	
34		Gross Plant Investment per Access Line	

**Depreciation - Montana Intrastate Regulated**

Year: 2009

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	15.8%	30,727
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	15.8%	
5	2121	Buildings	7.3%	1,642
6	2122	Furniture	7.6%	
7	2123.1	Office Support Equipment	7.6%	2,651
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	7.6%	7,089
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	7.6%	144,543
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems		
16	2232	Circuit DDS		
17	2232	Circuit Digital	7.6%	
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment	6.7%	
20	2362	Other Terminal Equipment		
21	2411	Poles	5.0%	
22	2421	Aerial Cable Metallic		
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic		
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	3.5%	160,032
27	2423	Buried Cable Nonmetallic	3.5%	
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic		
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire	5.0%	
33	2441	Conduit Systems		
34				
35		<b>COMPOSITE TOTAL</b>		346,684
36	Have these rates been approved by the Commission? <input type="checkbox"/> YES <input type="checkbox"/> NO			
37				
38	If yes: _____ Docket Number _____ Order Number			
39				
40				

**Montana Regulatory Capital Structure & Costs**

Year: 2009

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
<b>Commission Accepted - Most Recent</b>				
1	Docket Number _____			
2	Order Number _____			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	<b>Total</b>			
9				
<b>Actual at Year End</b>				
10				
11				
12	Common Equity			
13	Preferred Stock			
14	Long Term Debt			
15	Other			
16	<b>Total</b>			

**Network Access - Charges and Revenues**

Year: 2009

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		92265
2			
3	Montana - Intrastate		
4			
5	Montana - Intrastate Regulated		92265
6			
7			
8			
9			
10			
11			
12			
13			

**Affiliate Transactions - Products & Services Provided to Utility**

Year: 2009

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
<b>30</b>	<b>TOTAL</b>					

**Affiliate Transactions - Products & Services Provided by Utility**

Year: 2009

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
<b>30</b>	<b>TOTAL</b>					

**Montana Intrastate Regulated Earned Rate of Return**

Year: 2009

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	6,921,168	6,678,478	3.63%
3	2002 Prop. Held for Future Telecommunications Use	75,149		
4	3100-3200 (Less) Accumulated Depreciation	(4,711,590)	(4,364,906)	-7.94%
5	<b>Plant in Service</b>	<b>2,284,727</b>	<b>2,313,572</b>	<b>-1.25%</b>
6				
7	<b>Additions</b>			
8	1220 Materials & Supplies	55,302	38,108	45.12%
9	1280 Prepayments		13,197	-100.00%
10	Other Additions			
11	<b>TOTAL Additions</b>	<b>55,302</b>	<b>51,305</b>	<b>7.79%</b>
12				
13	<b>Deductions</b>			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	276,641	222,674	24.24%
17	Customer Advances for Construction			
18	Other Deductions			
19	<b>TOTAL Deductions</b>	<b>276,641</b>	<b>222,674</b>	<b>24.24%</b>
20	<b>TOTAL Rate Base</b>	<b>2,063,388</b>	<b>2,142,203</b>	<b>-3.68%</b>
21				
22	<b>Net Earnings</b>	<b>9,531</b>	<b>92,178</b>	<b>-89.66%</b>
23				
24	<b>Rate of Return on Average Rate Base</b>	<b>0.462%</b>	<b>4.303%</b>	<b>-89.27%</b>
25				
26	<b>Rate of Return on Average Equity</b>			
27				
28	Major Normalizing Adjustments & Commission			
29	Ratemaking adjustments to Utility Operations			
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	<b>Adjusted Rate of Return on Average Rate Base</b>			
44				
45	<b>Adjusted Rate of Return on Average Equity</b>			



**Other Taxes Paid**

Year: 2009

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax		
2	Montana Public Service Commission Tax	829	642
3	Montana Consumer Counsel Tax	374	178
4	911 Emergency Telephone Fee	12644	12357
5	Montana Telecommunications Access Service (TDD)	1255	1226
6	Montana Corporate License Tax	15	15
7	Personal Property Tax	38906	30830
8	Real Property Tax		
9			
10			
11			
12	<b>Total</b>	54023	45248

**Universal Service Funds Received**

Year: 2009

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	5004	32255
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	<b>Total</b>	5004	32255