

YEAR ENDING DECEMBER 2009

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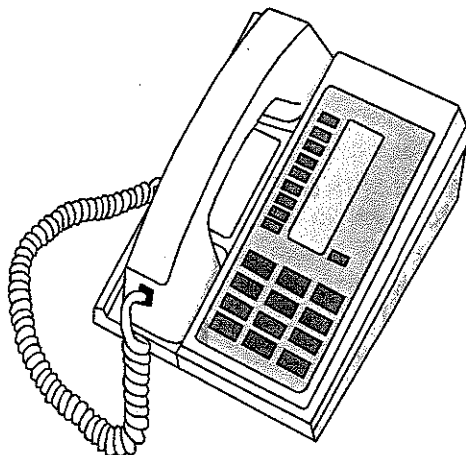
ANNUAL REPORT
OF

2009 APR -2 A 10:05

PUBLIC SERVICE
COMMISSION

PROJECT TELEPHONE COMPANY

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:	PROJECT TELEPHONE COMPANY
2	Name Under Which Respondent Does Business:	
3	Date of Incorporation:	1978
4	Address to send Correspondence Concerning Report:	PROJECT TELEPHONE COMPANY PO BOX 600 SCOBEEY, MT 59263
5	Person Responsible for This Report:	AIMEE DIETRICH
5a.	Telephone Number:	406-783-2200
Control Over Respondent		
1	If direct control over the respondent was held by another entity at the end of year provide the following:	
	1a. Name and address of the controlling organization or person:	
	NEMONT TELEPHONE COOPERATIVE, INC.	PO BOX 600 SCOBEEY, MT 59263
	1b. Means by which control was held:	STOCK
	1c. Percent Ownership:	100%

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	ROY D NEUFELD	500
2	GARY KLIND	550
3	LARRY MAHLER	600
4	MICHAEL MITCHELL	950
5	DUANE BROADBENT	3300
6	VERNON WHITEMAN	3400
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18	Chairman of the Board: ROY D NEUFELD	
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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		ROY D NEUFELD - LARSLAN, MT
2	VICE-PRESIDENT		GARY KLIND - HINSDALE, MT
3	SEC-TREASURER		LARRY MAHLER - SCOBAY, MT
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Total Company Balance Sheet

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	683,402	2,357,388
3	1180	Telecommunications Accounts Receivable - Net	121,789	64,441
4	1190	Other Accounts Receivable - Net	798,118	434,178
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable	2	2,153
7	1220	Materials and Supplies		
8	* 1280	Prepayments	14,903	18,610
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	14,903	18,610
14	1350	Other Current Assets		
15		Total Current Assets	1,618,214	2,876,770
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	25,683,565	25,962,768
18	1402	Investments in Nonaffiliated Companies	386,650	411,331
19	1406	Nonregulated Investments		
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges		
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	26,070,215	26,374,099
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	33,677,354	32,589,919
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	2,220,153	431,120
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	4,395,210	4,395,210
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(19,418,414)	(18,381,279)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(4,395,210)	(4,259,924)
39		Net Property, Plant, & Equipment	16,479,093	14,775,046
40		TOTAL ASSETS	44,167,522	44,025,915

^ 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		CURRENT LIABILITIES:		
42	4010	Accounts Payable	287,383	134,271
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	169,859	157,500
45	4040	Customer Deposits		
46	4050	Current Maturities - Long Term Debt	581,769	819,381
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	1,924	112,566
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	204,656	673,434
54		Total Current Liabilities	1,245,591	1,897,152
55		LONG-TERM DEBT:		
56	4210	Funded Debt	3,701,899	4,290,208
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		
63		Total Long-Term Debt	3,701,899	4,290,208
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net	3,442	3,442
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	1,805,099	2,191,149
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	1,808,541	2,194,591
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	7,950	7,950
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital	71,117	74,496
78	4550	Retained Earnings	37,332,424	35,561,518
79		Total Stockholders' Equity	37,411,491	35,643,964
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	44,167,522	44,025,915

Total Company Income Statement

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,265,601	2,351,914
3	5080	Network Access Revenues	5,950,052	5,906,896
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	101,782	78,513
10	^ 5230	Directory Revenue	23,048	16,010
11	^ 5240	Rent Revenue	11,302	10,682
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	33,949	15,995
14	^ 5270	Carrier Billing and Collection Revenue	33,483	35,826
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	74,744	125,047
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,242,691	8,212,276
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	46,592	59,536
20	6120	General Support Expense	502,032	509,995
21	6210	Central Office Switching Expense	372,797	376,232
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	437,424	560,208
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,534,287	1,621,175
26	^ 6431	Aerial Wire Expense	1,528,353	1,616,543
27	^ 6441	Conduit Systems Expense	5,934	4,632
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	509,431	452,894
30	6540	Access Expense	112,408	107,176
31	6560	Depreciation and Amortization Expense	1,722,509	1,877,663
32	6610	Marketing	45,863	37,741
33	6620	Services	337,573	354,634
34	6710	Executive and Planning	84,163	48,012
35	6720	General and Administrative	531,825	345,912
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,236,904	6,351,178
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	172,046	618,761
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,833,741	1,242,337
41	7300	Nonoperating Income and Expense	805,479	1,603,749
42	7400	Nonoperating Taxes	12,712	155,455
43	7500	Interest and Related Items	250,985	317,450
44	7600	Extraordinary Items	154,617	509
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	2,220,906	2,372,672

^ 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		REVENUES:		
2	5000	Basic Local Service Revenues	2,200,454	2,287,513
3	5080	Network Access Revenues	5,893,391	5,845,174
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	99,971	76,600
10	^ 5230	Directory Revenue	22,293	15,363
11	^ 5240	Rent Revenue	11,302	10,682
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	33,950	15,945
14	^ 5270	Carrier Billing and Collection Revenue	32,426	34,610
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	74,744	125,047
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,119,072	8,084,240
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	46,592	59,537
20	6120	General Support Expense	494,731	501,328
21	6210	Central Office Switching Expense	371,041	367,650
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	436,101	550,264
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,484,534	1,576,153
26	^ 6431	Aerial Wire Expense	1,478,600	1,571,521
27	^ 6441	Conduit Systems Expense	5,934	4,632
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	483,694	429,288
30	6540	Access Expense	106,196	101,110
31	6560	Depreciation and Amortization Expense	1,629,731	1,787,131
32	6610	Marketing	43,328	35,605
33	6620	Services	324,646	341,708
34	6710	Executive and Planning	79,511	45,294
35	6720	General and Administrative	502,432	326,334
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,002,537	6,121,402
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	164,397	605,158
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,952,138	1,357,680

^ 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		REVENUES:		
2	5000	Basic Local Service Revenues	2,200,454	2,287,513
3	5080	Network Access Revenues	5,893,391	5,845,174
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	99,971	76,600
10	^ 5230	Directory Revenue	22,293	15,363
11	^ 5240	Rent Revenue	11,302	10,682
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	33,950	15,945
14	^ 5270	Carrier Billing and Collection Revenue	32,426	34,610
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	74,744	125,047
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,119,072	8,084,240
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	46,592	59,537
20	6120	General Support Expense	494,731	501,328
21	6210	Central Office Switching Expense	371,041	367,650
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	436,101	550,264
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,484,534	1,576,153
26	^ 6431	Aerial Wire Expense	1,478,600	1,571,521
27	^ 6441	Conduit Systems Expense	5,934	4,632
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	483,694	429,288
30	6540	Access Expense	106,196	101,110
31	6560	Depreciation and Amortization Expense	1,629,731	1,787,131
32	6610	Marketing	43,328	35,605
33	6620	Services	324,646	341,708
34	6710	Executive and Planning	79,511	45,294
35	6720	General and Administrative	502,432	326,334
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,002,537	6,121,402
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	164,397	605,158
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,952,138	1,357,680

^ 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		REVENUES:		
2	5000	Basic Local Service Revenues	2,200,454	2,287,513
3	5080	Network Access Revenues	5,893,391	5,845,174
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	99,971	76,600
10	^ 5230	Directory Revenue	22,293	15,363
11	^ 5240	Rent Revenue	11,302	10,682
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	33,950	15,945
14	^ 5270	Carrier Billing and Collection Revenue	32,426	34,610
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	74,744	125,047
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,119,072	8,084,240
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	46,592	59,537
20	6120	General Support Expense	494,731	501,328
21	6210	Central Office Switching Expense	371,041	367,650
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	436,101	550,264
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,484,534	1,576,153
26	^ 6431	Aerial Wire Expense	1,478,600	1,571,521
27	^ 6441	Conduit Systems Expense	5,934	4,632
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	483,694	429,288
30	6540	Access Expense	106,196	101,110
31	6560	Depreciation and Amortization Expense	1,629,731	1,787,131
32	6610	Marketing	43,328	35,605
33	6620	Services	324,646	341,708
34	6710	Executive and Planning	79,511	45,294
35	6720	General and Administrative	502,432	326,334
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,002,537	6,121,402
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	164,397	605,158
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,952,138	1,357,680

^ 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	31468495	30490311
2	3100	Accumulated Depreciation	18654330	17702556
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	1805099	2191149
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)	11009066	10596606

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	31468495	30490311
2	3100	Accumulated Depreciation	18654330	17702556
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	1805099	2191149
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)	11009066	10596606

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	31468495	30490311
2	3100	Accumulated Depreciation	18654330	17702556
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	1805099	2191149
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)	11009066	10596606

Statement of Cash Flows

Year: 2009

Line No.	Item Description (a)	Amount (b)	Amount (c)	
1	Increase/(decrease) in Cash & Cash Equivalents			
2	Cash Flows from Operating Activities:			
3	Net Income			
4	Reconciliation Adjustments:			
5	Depreciation & Amortization	Information available in the 2009 audit reports.		
6	Provision for Accounts Receivable Losses			
7	Deferred Income Taxes - Net			
8	Unamortized Investment Tax Credits (ITCs) - Net			
9	Allowance for Funds Used During Construction (AFUDC)			
10	Change in Operating Receivables - Net			
11	Change in Materials, Supplies & Inventories - Net			
12	Change in Operating Payables & Accrued Liabilities - Net			
13	Change in Other Assets & Deferred Credits - Net			
14	Change in Other Liabilities & Deferred Credits - Net			
15	Other (explained on back of this page)			
16	Total Adjustments			
17	Net Cash Provided by/(Used in) Operating Activities			
18	Cash Inflows/Outflows From Investing Activities:			
19	Construction/Acquisition of Property, Plant & Equipment (net of			
20	AFUDC & Capital Lease Related Acquisitions)			
21	Proceeds from Disposals of Property, Plant & Equipment			
22	Investments In & Advances to Affiliates			
23	Proceeds from Repayment of Advances			
24	Other Investing Activities (explained on back of this page)			
25	Net Cash Provided by/(Used in) Investing Activities			
26	Cash Flows from Financing Activities:			
27	Net Incr./ (Decr.) in Short-Term Debt, Original maturity <= 3 mo.			
28	Advances from Affiliates			
29	Repayment of Advances from Affiliates			
30	Proceeds from Issuances of Long-Term Debt			
31	Repayment of Long-Term Debt			
32	Payment of Capital Lease Obligations			
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment			
34	Repurchase of Treasury Shares			
35	Dividends Paid			
36	Other Financing Activities (explained on back of this page)			
37	Net Cash Provided by Financing Activities			
38	Effect of Exchange Rate Changes on Cash			
39	Net Increase/(Decrease) in Cash & Cash Equivalents			
40	Cash & Cash Equivalents at Beginning of Period		35561518	
41	Cash & Cash Equivalents at End of Period		37411491	

Year: 2009

Receivables and Investments-Affiliated & Nonaffiliated Companies

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	Nemont Communications										
2	NRUCFC	150000							2	25683566	
3	AT&T				30966						
4	QWEST				84						
5	NCRPC				583						
6	NECA				293128						
7	Misc LD Carriers				104215						
8	RTFC										10179
9	Capitals Credits										365356
10	NCRPC Stock										10000
11	Misc Memberships										1114
12	Lifeline-USAC				23550						
13											
14											
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24											
25											
26											
27											
28											
29											
30	Totals	150000			452326				2	25683566	386649

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	4177862	331655	430511		4087015		4087015
2	^ 2111	Land	94882				94882		94882
3	^ 2112	Motor Vehicles	864384	77500	66268		875616	442173	433443
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	347885	25795	225303		156386	106267	50119
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	378133	177681	87215		468599	264698	203901
8	^ 2121	Buildings	2398649	50679			2449328	1012735	1436593
9	^ 2122	Furniture	14509		7473		7036	2251	4785
10	^ 2123	Office Equipment	79420		44252		35168	13715	21453
11	^ 2124	General Purpose Computers							
12	^ 2211	Analog Electronic Switching							
13	^ 2212	Digital Electronic Switching	5470523	78794	7485		5541832	5531786	10046
14	^ 2215	Electro-Mechanical Switching							
15	^ 2220	Operator Systems							
16	^ 2231	Radio Systems	157663				265638	43116	222522
17	^ 2232	Circuit Equipment	4857837	566239	55085		5368991	2494024	2874967
18	* 2310	Information Orig & Term Equip	12487		12487				
19	^ 2311	Station Apparatus							
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.							
23	^ 2362	Other Terminal Equipment	12487		12487		64376	64376	
24	^ 2411	Poles	64376						
25	* 2420	Cable and Wire Facilities	14974609	485183	94102		15365690		15365690
26	^ 2421	Aerial Cable	168550				168550	168550	
27	^ 2422	Underground Cable	158107				158107	100826	57281
28	^ 2423	Buried Cable	14607749	485183	94102		14998830	8164591	6834239
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable	40203				40203	40203	
31	^ 2426	Intrabuilding Network Cable	3748				3748	3748	
32	^ 2431	Aerial Wire							
33	^ 2441	Conduit Systems	771206				771206	201272	569934
34		Totals	30490311	1461871	599670		31468496	18654331	12814165

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

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	TELEPHONE PLANT RUS											
2	NOTE NO	2010	Feb-92	50000	50000	50000						
3		2020	Mar-93	175000	175000	175000						
4		2030	Jul-93	55000	55000	55000						
5		2040	Nov-94	25660	25660	25660						
6		2041	Nov-94	12849	12849	12849						
7		2042	Nov-94	10491	10491	10491						
8		12050	Nov-09	1085000	1085000	1085000				1579		
9		12060	Jul-11	320000	320000	320000		19819		515		
10		12062	Jul-11	85000	85000	85000		27289		573		
11		12071	Nov-13	571000	571000	571000		134234		7392		
12		12080	Oct-18	2170000	2170000	2170000		926381		48584		
13		12090	Oct-18	3019000	3019000	3019000		1331635		69820		
14		12091	Oct-18	1376000	1376000	1376000		635771		33322		
15		12092	Oct-18	511000	511000	511000		336743		17238		
16	INTEREST ON PREPAYMENTS							-11482				
17	PREPAYMENTS-DR.									-556		
18	TELE PLANT RUS	1984		3202500	3202500	3202500		881998		68169		
19	TELEPHONE PLANT RTFC			8886287	8886287	8441973				1051		
20	Total			21554787	21554787	21110473	97.94	4282388		247687		5.78%

Year: 2009

Cost of Preferred Stock

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	NONE											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)											

Analysis of Common Stock

Year: 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)	Market Price Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:								
2									
3	N/A								
4									
5									
6									
7									
8	Month by Month Data:								
9	January								
10	February								
11	March								
12	April								
13	May								
14	June								
15	July								
16	August								
17	September								
18	October								
19	November								
20	December								
21									
22									
23									

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 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	Totals (Sum L.1 to L.29)							

Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	18103	11001	5232	180476	-168219	46593
2	^	Motor Vehicle Expense	18103	11001		146741	-168219	7626
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense			5232	14141		19373
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense	80017	45283	265998	19594		19594
8	^	Land and Building Expense	58056	31122	205535	110733		502031
9	^	Furniture and Artworks Expense			6456	94938		389651
10	^	Office Equipment Expense			35479	1385		7841
11	^	General Purpose Computers Expense	21961	14161	18528	3598		39077
12	*	Central Office Switching Expense	169079	101480		10812		65462
13	^	Analog Electronic Expense				102238		372797
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense	169079	101480		102238		372797
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	58464	36984	141300	200677		437425
18	^	Radio Systems Expense	6575	3834		7221		17630
19	^	Circuit Equipment Expense	51889	33150	141300	193456		419795
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	521231	325656	493293	194107		1534287
26	^	Poles Expense			13488			13488
27	^	Aerial Cable Expense	16098	10842		6704		33644
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense	505133	314814	479519	181755		1481221
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	846,894	520,404	905,537	782,583	(168,219)	2887199

^ Subaccount of the account marked with a *

Total Company Expense Matrix

Year: 2009

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			286	5648		5934
36		6510 Other Property Expenses	23637	11968		5036	-40641	
37	*	6530 Network Operations Expense	242779	158025		194800	-86173	509431
38	^	6531 Power Expense		193		94526		94526
39	^	6532 Network Administration Expense	168			22890		23251
40	^	6533 Testing Expense	7523	5863		453		13839
41	^	6534 Plant Operations Expense	153576	101356		17382	-52806	219508
42	^	6535 Engineering Expense	81512	50613		59549	-33367	158307
43		6540 Access Expense				112408		112408
44		6561 Depreciation - Telecomm. Plant in Service				1587223		1587223
45		6562 Depreciation-Prop. for Future Telecomm. Use						
46		6563 Amortization Expense - Tangible						
47		6564 Amortization Expense - Intangible						
48		6565 Amortization - Other				135286		135286
49	*	6610 Marketing	15354	9767		20741		45862
50	^	6611 Product Management						
51	^	6612 Sales	306	189		8803		9298
52	^	6613 Product Advertising	15048	9578		11938		36564
53		6621 Call Completion Services				298		298
54		6622 Number Services				1026		1026
55		6623 Customer Services	93224	60657		182368		336249
56		6711 Executive	16805	10145		57212		84162
57		6712 Planning						
58		6721 Accounting and Finance	78354	51267		99510		229131
59		6722 External Relations	56754	34574		81066		172394
60		6723 Human Relations	2272	1419		11087		14778
61		6724 Information Management						
62		6725 Legal				9639		9639
63		6726 Procurement						
64		6727 Research and Development						
65		6728 Other General and Administrative	16723	10246		78915		105884
66		6790 Provision for Uncollectible Notes Receivable						
67		Totals	1,392,796	868,472	905,823	3,364,846	(295,033)	6236904

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	6110 Network Support Expense	18103	11001	5232	180476	-168219	46593
2	^	6112 Motor Vehicle Expense	18103	11001		146741	-168219	7626
3	^	6113 Aircraft Expense						
4	^	6114 Special Purpose Vehicles Expense			5232	14141		19373
5	^	6115 Garage Work Equipment Expense				19594		19594
6	^	6116 Other Work Equipment Expense	80017	45283	265098	104332		494730
7	*	6120 General Support Expense	58056	31122	204635	94748		388561
8	^	6121 Land and Building Expense			6456	952		7408
9	^	6122 Furniture and Artworks Expense			35479	1438		36917
10	^	6123 Office Equipment Expense	21961	14161	18528	7194		61844
11	^	6124 General Purpose Computers Expense						
12	*	6210 Central Office Switching Expense	168097	100919		102025		371041
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	168097	100919		102025		371041
18	^	6231 Radio Systems Expense	57663	36625	141300	200512		436100
19	^	6232 Circuit Equipment Expense	6575	3834		7221		17630
20	*	6310 Information Origination/Termination Expense	51088	32791	141300	193291		418470
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	493781	310236	493293	187225		1484535
26	^	6411 Poles Expense			13488			13488
27	^	6421 Aerial Cable Expense	16098	10842		6704		33644
28	^	6422 Underground Cable Expense						
29	^	6423 Buried Cable Expense						
30	^	6424 Submarine Cable Expense						
31	^	6425 Deep Sea Cable Expense						
32	^	6426 Intra-building Network Cable Expense	477683	299394	479519	174873		1431469
33	^	6431 Aerial Wire Expense						
34		Subtotals	817,661	504,064	904,637	768,922	(168,219)	2827065

^ Subaccount of the account marked with a *

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense			286	5648		5934
36		Other Property Expenses	23637	11968		5036	-40641	483694
37	*	Network Operations Expense	242779	158025		169063	-86173	89671
38	^	Power Expense				89671		23251
39	^	Network Administration Expense	168	193		22890		13839
40	^	Testing Expense	7523	5863		453		207376
41	^	Plant Operations Expense	153576	101356		5250	-52806	149557
42	^	Engineering Expense	81512	50613		50799	-33367	106195
43		Access Expense				106195		1494445
44		Depreciation - Telecomm. Plant in Service						
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing	15354	9767		135286		135286
50	^	Product Management				18207		43328
51	^	Sales	306	189		8290		8785
52	^	Product Advertising	15048	9578		9917		34543
53		Call Completion Services				281		281
54		Number Services				969		969
55		Customer Services	93224	60657		169515		323396
56		Executive	16805	10145		52560		79510
57		Planning						
58		Accounting and Finance	78354	51267		86846		216467
59		External Relations	56754	34574		71538		162866
60		Human Relations	2272	1419		10270		13961
61		Information Management						
62		Legal				9106		9106
63		Procurement						
64		Research and Development						
65		Other General and Administrative						
66		Provision for Uncollectible Notes Receivable						
67		Totals	1,363,563	852,132	904,923	3,176,951	(295,033)	6002536

^ Subaccount of the account marked with a *

Pension Costs

Year: 2009

1	Plan Name	NTCA SAVINGS PLAN		
2	Defined Benefit Plan?	Defined Contribution Plan? _____		
3	Actuarial Cost Method?	IRS Code: _____		
4	Annual Contribution by Employer: 12% OF W-2 WAGES	Is the Plan Over Funded? _____		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	N/A		#VALUE!
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	2456084	2181463	-11.18%
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution	154728	146749	-5.16%
21	Plan participants' contributions	129608	127872	-1.34%
22	Benefits paid			
23	Fair value of plan assets at end of year	2740420	2456084	-10.38%
24	Funded Status	2740420	2456084	-10.38%
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	2740420	2456084	-10.38%
28				
29	Weighted-average Assumptions as of Year End	N/A		
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs	N/A		
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:	N/A		
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:			
47	Covered by the Plan	22	22	
48	Not Covered by the Plan	3	3	
49	Active	22	22	
50	Retired			
51	Deferred Vested Terminated			

Other Post Employment Benefits (OPEBS)

	Item	Current Year	Last Year	% Change
1	Regulatory Treatment:			
2	Commission authorized - most recent			
3	Docket number: _____			
4	Order number: _____			
5	Amount recovered through rates			
6	Weighted-average Assumptions as of Year End			
7	Discount rate	N/A		#VALUE!
8	Expected return on plan assets			
9	Medical Cost Inflation Rate			
10	Actuarial Cost Method			
11	Rate of compensation increase			
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13				
14				
15	Describe any Changes to the Benefit Plan:			
16				
17	TOTAL COMPANY			
18	Change in Benefit Obligation	N/A		
19	Benefit obligation at beginning of year			
20	Service cost			
21	Interest Cost			
22	Plan participants' contributions			
23	Amendments			
24	Actuarial Gain			
25	Acquisition			
26	Benefits paid			
27	Benefit obligation at end of year			
28	Change in Plan Assets	N/A		
29	Fair value of plan assets at beginning of year			
30	Actual return on plan assets			
31	Acquisition			
32	Employer contribution			
33	Plan participants' contributions			
34	Benefits paid			
35	Fair value of plan assets at end of year			
36	Funded Status	N/A		#VALUE!
37	Unrecognized net actuarial loss			
38	Unrecognized prior service cost			
39	Prepaid (accrued) benefit cost			
40	Components of Net Periodic Benefit Costs	N/A		
41	Service cost			
42	Interest cost			
43	Expected return on plan assets			
44	Amortization of prior service cost			
45	Recognized net actuarial loss			
46	Net periodic benefit cost			
47	Accumulated Post Retirement Benefit Obligation	N/A		
48	Amount Funded through VEBA			
49	Amount Funded through 401(h)			
50	Amount Funded through Other _____			
51	TOTAL			
52	Amount that was tax deductible - VEBA			
53	Amount that was tax deductible - 401(h)			
54	Amount that was tax deductible - Other _____			
55	TOTAL			

Other Post Employment Benefits (OPEBS) Continued

Year: 2009

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

Payments for Services to Persons Other Than Employees

Year: 2009

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	NISC	DATA SERVICES	197915	197915	197915
2	MITS	LEGAL SERVICES	39180	39180	39180
3	ASSOC LEGAL GROUP	LEGAL SERVICES	1166	1166	1166
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total		238261	238261	238261

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	6614491	79.01%	7472459	78.84%
3	Interstate, IntraLATA	82709	0.99%	98405	1.04%
4	Total Interstate Usage	6697200	80.00%	7570864	79.88%
5	Intrastate, InterLATA	1099493	13.13%	1274296	13.44%
6	Intrastate, IntraLATA	575227	6.87%	632948	6.68%
7	Total Intrastate Usage	1674720	20.00%	1907244	20.12%
8	Total Toll Usage	8371920	100.00%	9478108	100.00%
9	Centrex				
10	Local				
11	Total Minutes	8371920	100.00%	9478108	100.00%

Central Office and Access Line Statistics

Year: 2009

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	ABSAROKEE	UDDIG	1160		527	9		292				19		1998
2	BELFRY	UD/DIG	184		75	3		49				5		313
3	CLARK	RSU	248		142	1		58				1		449
4	CROW AGENCY	UD/DIG	385		98	168		506				8		997
5	FORT SMITH	RSU	207		55	30		96				2		360
6	HUNTLEY	RSU	371		124	8		72				3		570
7	LODGE GRASS	RSU	411		57	155		78				2		548
8	POMPEYS PILLAR	RSU	64		32			23				2		121
9	SOUTH WYOLA	RSU	1			12		1				19		2
10	WORDEN	UD/DIG	598		230	38		187				1		1034
11	WYOLA	RSU	101		20			23						145
26	<i>adsl number is included</i>													
27	<i>with res/bus access lines</i>													
33	Total		3730		1360	424		1385				62		6537

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

Central Office and Switch Information

Year: 2009

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	ABSAROKEE	HOST	DIGITAL	NTI	DMS10-SS	1,547	1985
2	BELFRY	HOST	DIGITAL	NTI	DMS10-SS	421	1985
3	CLARK	REMOTE	DIGITAL	NTI	RSLE	354	1996
4	CROW AGENCY	HOST	DIGITAL	NTI	DMS10-SS	1,054	1994
5	FORT SMITH	REMOTE	DIGITAL	NTI	RSLE	396	1994
6	HUNTLEY	REMOTE	DIGITAL	NTI	RSLE	452	1996
7	LODGE GRASS	REMOTE	DIGITAL	NTI	RSLE	669	1994
8	WORDEN	HOST	DIGITAL	NTI	DMS10-SS	1,524	1985
9	WYOLA	REMOTE	DIGITAL	NTI	RSLE	171	1994
10	NYE	REMOTE	DIGITAL	NTI	RSLE	306	1985
11	BEEHIVE	REMOTE	DIGITAL	NTI	RSLE	152	1985
12	ROSCOE	REMOTE	DIGITAL	NTI	RSLE	221	1996
13	DEAN	REMOTE	DIGITAL	NTI	RSLE	160	1996
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NOTE: Additional blank schedules are being provided for your convenience.

Construction Budget - Montana

Year: 2010

Line No.	Description (a)	2010 (b)
1	Central Office Assets:	
2		
3	CROW AGENCY DLC UPGRADE PHASE 1	270172
4	ABSAROKEE PHASE 2	271790
5	ABSAROKEE LITTLE ROCKY FTTN ELECTRONICS	75645
6	ADSL GROWTH	63240
7	MISC ELECTRONIC WO	335283
8		
9		
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23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	1016130
29	Total Central Office Budget (Total of Line 27 & Line 28)	1016130
30	Other Projects over \$500,000:	
31		
32	ABSAROKEE PHASE 2 OSP	1300000
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	1300000
42	Miscellaneous projects not over \$500,000	925584
43	Total Construction Budget (Total of Lines 29, 41 & 42)	3241714

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	339664	1140535	-70.22%
2	2210	Central Office Assets	78794	130258	-39.51%
3	2220	Operator Systems			
4	2230	Central Office Transmission	674213	362726	85.87%
5	2310	Information/Termination Assets			
6	2410	Cable and Wire Facilities Assets	601850	300403	100.35%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		Total Construction Expenditures	1694521	1933922	-12.38%

Montana Employee Counts

Year: 2009

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

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	N/A						
2	Project Telephone has no employees of management status or highly paid supervisors status. Employee services are provided through service agreements with Nemont Telephone Cooperative, Inc.						
3							
4							
5							
6							
7							
8							
9							
10							
11	Totals (Sum L.1 to L.10)						

Compensation of Top 5 Corporate Employees - SEC Information

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	N/A						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year: 2009

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	31468495
3	2003 - 2004	Construction Work in Progress	2220153
4	2005	Plant Acquisition Adjustments	4377115
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-23031445
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	15034318
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	8119072
13	6560	Depreciation & Amortization Expenses	1629731
14		Federal & State Income Taxes	327658
15		Other Taxes	-163261
16		Other Operating Expenses	4372806
17		TOTAL Operating Expenses	6166934
18		Net Operating Income	1952138
19		Other Income	748248
20		Other Deductions	391730
21		NET INCOME	2308656
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	3481
24		Business Access Lines	1326
25		PBX Access Lines	
26		Other Access Lines	61
27		Total Number of Access Lines	4868
28		Average Number of Calls Per Access Line	
29		Local Calls	4164680
30		Toll Calls (Intra- or Interstate)	5141580
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)	9306260 1912
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	45
34		Gross Plant Investment per Access Line	6464

Depreciation - Montana Intrastate Regulated

Year: 2009

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	25.0%	151,387
2	2114	Special Purpose Vehicles	8.0%	16,079
3	2115	Garage Work Equipment	8.0%	
4	2116	Other work Equipment	8.0%	58,486
5	2121	Buildings	3.1%	74,419
6	2122	Furniture	7.5%	598
7	2123.1	Office Support Equipment	7.5%	3,052
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers		
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	8.2%	318,703
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	8.2%	13,592
16	2232	Circuit DDS	6.5%	306,621
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles		
22	2421	Aerial Cable Metallic	9.2%	3,082
23	2421	Aerial Cable Nonmetallic	9.2%	
24	2422	Underground Cable Metallic	9.2%	8,775
25	2422	Underground Cable Nonmetallic	9.2%	5,730
26	2423	Buried Cable Metallic	3.3%	390,240
27	2423	Buried Cable Nonmetallic	4.0%	112,836
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	3.3%	
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire		
33	2441	Conduit Systems	4.0%	30,845
34				
35		COMPOSITE TOTAL		1,494,445

36
 37 Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates
 38
 39 Docket Number _____ Order Number _____
 40

Amortization - Montana Intrastate Regulated

Year: 2009

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	3600.01	ACQUISTION ADJUSTMENT	6.7%	135,286
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35		COMPOSITE TOTAL		135,286
36	<p>Please list the Montana Public Service Commission Docket Order No. approving these amortization rates</p> <p>Docket Number _____ Order Number _____</p>			
37				
38				
39				
40				

Montana Regulatory Capital Structure & Costs

Year: 2009

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number			
2	Order Number			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
Actual at Year End				
10				
11				
12	Common Equity	91.00%	6.200%	5.642%
13	Preferred Stock			
14	Long Term Debt	9.00%	9.900%	0.891%
15	Other			
16	Total	100.00%		6.533%

Network Access - Charges and Revenues

Year: 2009

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3060903
2			
3	Montana - Intrastate		3060903
4			
5	Montana - Intrastate Regulated		3060903
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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	NEMONT COMMUNICATIONS	COMPUTER LEASES	LEASE AGREEMENT	18,528	0.1%	
2	NEMONT TELEPHONE COOP	MANAGEMENT LEASE	LEASE AGREEMENT	714,852	4.1%	
3	NEMONT COMMUNICATIONS	BUILDING LEASE	LEASE AGREEMENT	183,480	1.5%	
4	NEMONT COMMUNICATIONS	OTHER OFFICE & COMM EQ	LEASE AGREEMENT	46,800	0.4%	
5	NEMONT COMMUNICATIONS	FIBER LEASE	LEASE AGREEMENT	614,004	4.9%	
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29						
30	TOTAL			\$1,577,664		

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	NEMONT COMMUNICATIONS	WAGES & LABOR	COST	181,872	1.4%	
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30	TOTAL			\$181,872		

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	38,065,764	35,298,546	7.84%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(23,031,446)	(21,944,386)	-4.95%
5	Plant in Service	15,034,318	13,354,160	12.58%
6				
7	Additions			
8	1220 Materials & Supplies			
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions			
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits	3,442	3,442	
16	4340 Noncurrent Deferred Operating Income Taxes	1,805,099	2,039,013	-11.47%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	1,808,541	2,042,455	-11.45%
20	TOTAL Rate Base	13,225,777	11,311,705	16.92%
21				
22	Net Earnings	2,308,656	2,415,213	-4.41%
23				
24	Rate of Return on Average Rate Base	17.500%	21.600%	-18.98%
25				
26	Rate of Return on Average Equity	6.140%	6.700%	-8.36%
27				
28	Major Normalizing Adjustments & Commission			
29	Ratemaking adjustments to Utility Operations			
30				
31				
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42				
43	Adjusted Rate of Return on Average Rate Base			
44				
45	Adjusted Rate of Return on Average Equity			

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	9216	7683
3	Montana Consumer Counsel Tax	3878	2099
4	911 Emergency Telephone Fee	86172	78813
5	Montana Telecommunications Access Service (TDD)	8606	7886
6	Montana Corporate License Tax	15	15
7	Personal Property Tax		
8	Real Property Tax	219806	209328
9			
10			
11			
12	Total	327693	305824

SCHEDULE 37

Universal Service Funds Received

Year: 2009

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	1424112	1423644
14	Funds received from Federal Sources	101977	95449
15			
16			
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18			
19			
20			
21			
22			
23			
24	Total	1526089	1519093

Nemont Telephone
Cooperative, Inc.

Missouri Valley
Communications, Inc.

Project Telephone Company

Nemont Communications, Inc.

Sagebrush Cellular, Inc.

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