

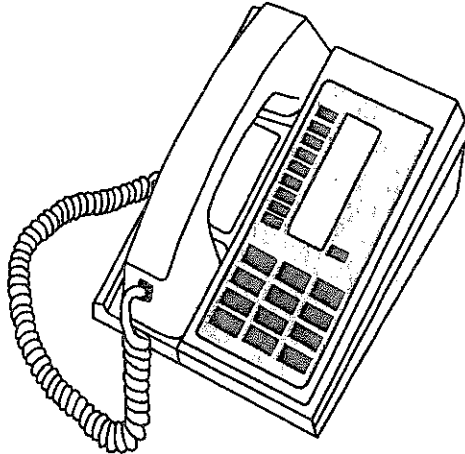
YEAR ENDING DECEMBER 31 2009

ANNUAL REPORT
OF

RONAN TELEPHONE COMPANY

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PUBLIC SERVICE
COMMISSION

TELEPHONE UTILITY



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

2009 Telephone Annual Report

Instructions

General

1. A Microsoft EXCEL workbook of the annual report is being provided on our website for your convenience. The workbook contains the schedules of the annual report. Each schedule is on the worksheet named that schedule. For example, Schedule 1 is on the sheet titled "Schedule 1". By entering your company name in the cell named "Company" of the first worksheet, the spreadsheet will put your company name on all the worksheets in the workbook. The same is true for inputting the year of the report in the cell named "YEAR". You can "GOTO" the proper cell by using the F5 key and selecting the name of the cell. You may also obtain these instructions and the report in both an Adobe Acrobat[®] format and as an EXCEL[®] file from our website at <http://psc.mt.gov/> under the "Reports" section on that page. Please be sure you use the 2009 report form.
2. Use of the EXCEL[®] file is optional. There are macros built into the workbook to assist you with the report.
3. All forms must be filled out in permanent ink and be legible. Note: Even if the computer disk is used, a printed version of the report shall be filed. **Please submit one unbound copy of the annual report along with the regular number of annual reports that you submit.** This aids in scanning the report so that it may be published on our web site. The orientation and margins are set up on each individual worksheet and should print on one page. If you elect not to use the disk, please format your reports to fit on one 8.5" by 11" page with the left binding edge (top if landscaped) set at .85", the right edge (bottom if landscaped) set at .4", and the remaining two margins at .5".
4. Unless otherwise indicated, all information required in these schedules shall be from the accounts prescribed in 47 C.F.R. Part 32 and the definitions and instructions therein will apply to this report wherever applicable.
5. Information on financial schedules may be rounded to thousands of dollars for companies with over 5,000 access lines. Companies submitting schedules rounded to thousands should so indicate at the top of the schedule.
6. Where more space is needed or more than one schedule is needed additional schedules may be attached and should be included directly behind the original schedule to which it pertains and be labeled accordingly (for example, Schedule 1A).
7. The information required with respect to any statement shall be furnished as a minimum requirement to which shall be added such further information as is necessary to make the required schedules not misleading.

8. The following schedules should be filled out with information on a total company basis:

- Schedules 1 - 4
- Schedule 10
- Schedules 13 - 17
- Schedule 19
- Schedule 20, Page 1 of 2
- Schedules 33 and 34

All other schedules should be filled out with Montana specific data. Financial schedules should include all amounts originating in Montana or allocated to Montana from other jurisdictions.

9. All companies owned by another company shall attach a corporate structure chart of the holding company.
10. The following schedules are not required to be filled out or submitted by companies with less than 5,000 access lines:

- Schedule 6
- Schedules 17 and 18
- Schedule 21

11. Schedules that have no activity during the year or are not applicable to the respondent should be marked as not applicable and submitted with the report.
12. Companies with under 5,000 lines may use summary accounts and should leave lines for subaccounts blank. Summary accounts are noted with an asterisk and subaccounts that are not required are noted with a caret.
13. Companies with over 5,000 lines must complete schedules to all required subaccount detail.
14. FCC Form M sheets may not be substituted in lieu of completing annual report schedules.
15. Common sense must be used when filling out all schedules.

Specific Instructions

Schedules 6, 7, 8, 18, 29, 30 and 35

1. The Montana Public Service Commission approved intrastate depreciation rates must be utilized in the preparation of these schedules.

Schedules 3 through 9

1. **Schedules 3, 4, and 9** should include all notes to the financial statements required by the FCC or included in the financial statements issued as audited financial statements. These notes should be included in the report directly behind the schedules and should be labeled appropriately (Schedule 3A, etc.).

2. **Schedule 5** may be omitted for companies doing business only in Montana.
3. **Schedule 6** is not required for companies with under 5,000 lines.
4. **Schedule 7** must be completed by all companies. For companies under 5,000 lines, this schedule may be completed on a total state basis. Any such company completing the form on a total state basis shall indicate this fact clearly on the form.
5. **Schedule 8** - Companies with less than 5,000 lines are not required to fill out the intrastate portion. The regulated rate base must be separated from the deregulated rate base but this may be done on a total state basis. Any company so doing shall clearly indicate this on the form.
6. Only accounts designated on **Schedule 8** may be included in rate base. Only companies who have specifically been authorized in a Commission order to include cash working capital in rate base may fill out line 8 on Schedule 8. Cash working capital must be calculated using the methodology approved in the Commission order. The most recent Commission Order, and Docket, specifying cash working capital shall be noted on the schedule.
7. **Schedule 9** - Instructions to complete are similar to those used for the Statement of Cash Flows in the FCC Form M.

Schedule 10

1. For the purpose of this schedule, nonofficial companies shall include any company in which the respondent has an ownership interest which does not meet the definition of an affiliated company set out in 47 C.F.R. Section 32.9000. This schedule shall not include telecommunications accounts receivable from other customers.

Schedule 11

1. All amounts listed in Column f that represent individual items for which the higher of cost or market value was in excess of \$50,000 for companies with under 5,000 lines and in excess of \$100,000 for companies with over 5,000 lines must be fully explained in notes to this schedule. The explanation must include the plant description and location, the original cost, the net book cost, the market value, the value at which it was transferred or the price at which it was sold, and the party to which it was transferred or sold.

Schedule 12

1. Respondents shall list each item amounting individually to \$100,000 or more and report all others in the aggregate.
2. Amounts in Column f relating to individual items exceeding \$50,000 shall be fully explained.

Schedule 15

1. Line 1 must be completed by all companies for the most recent calendar year. The retention and price/earnings ratios shall be calculated on a year end basis. Enter the actual year end market price in the "Year Ended" row. If the computer disk is used, enter the year end market price in the "High" column.
2. Lines starting at 9 shall be completed for each of the twelve months of the report year for all companies with over 5,000 access lines. Earnings per share and dividends per share shall be reported on a quarterly basis and entries shall be made only to the months that end the respective quarters (for example, March, June, September, and December.)

Schedule 19

1. All companies are required to submit this form. Companies with more than one plan (for example, both a retirement plan and a deferred savings plan) shall complete a schedule for each plan.
2. Companies with defined benefit plans must complete the entire form using FASB 87 and 132 guidelines.
3. Interest rate percentages shall be listed to two decimal places.

Schedule 20

1. All changes to the employee benefit plans shall be explained in a narrative on lines 15 and 16. All cost containment measures implemented in the reporting year shall be explained and quantified in a narrative on lines 15 & 16. All assumptions used in quantifying cost containment results shall be disclosed.
2. The schedule shall be filled out using FASB 106 and 132 guidelines.

Schedule 21

1. Respondents shall disclose all payments made during the year where the aggregate payment to the recipient was \$25,000 or more. Payments must include fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payment for services or as a donation.

Schedule 23

1. Respondents shall provide an attached sheet detailing the type and corresponding number of access lines for all entries in Column L (Other). At the company's option, it may file for this information to be considered proprietary, however, the totals are not considered proprietary and need to be filed in the public annual report.

Schedule 24

1. Column (b). For each wire center that has a configuration of "Remote", Column (b) shall also reflect the respective "Host".
2. Column (c). Examples of Types of Switches are: Digital, Step by Step, and Crossbar.

Schedule 25

1. This schedule must be completed by all companies for the year following the reporting year.

Schedule 25a

1. This schedule should reflect the amount of total dollars spent in Montana during the reporting year and booked to the accounts listed on the schedule per the Code of Federal Regulations (CFR), Title 47, Chapter 1, Part 32. Universal System of Accounts.

Schedule 26

1. Respondents shall either report construction technicians and splicers as separate categories or footnote the appropriate categories and indicate the number of (1) construction technicians; and (2) splicers.

Schedule 27

1. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
2. The above compensation items shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule to which it pertains.

Schedule 28

1. Respondents shall provide all executive compensation information in conformance with that required by the Securities and Exchange Commission (SEC) (Regulation S-K Item 402, Executive Compensation).
2. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
3. All items included in Column (d) - Other Compensation shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule.

4. In addition, respondents shall attach a copy of the executive compensation information provided to the SEC.

Schedule 29

1. Information from this schedule is consolidated with information from other Utilities and reported to the National Association of Regulatory Utility Commissioners (NARUC). Your assistance in completing this schedule, even though information may be located in other areas of the annual report, expedites reporting to the NARUC and is appreciated.

Schedule 30 and 30a

1. If the total of lines 35 on these schedules differs from Line 31 on Schedule 7 please reconcile the difference.

Schedules 33 and 34

1. Respondents shall report all transactions with affiliated companies.
2. Column (c). Respondents shall indicate in column (c) the method used to determine the price. Respondents shall indicate if a contract is in place between the Affiliate and the Utility. If a contract is in place, respondents shall indicate the year the contract was initiated, the term of the contract and the method used to determine the contract price.
3. Column (c). If the method used to determine the price is different than the previous year, respondents shall provide an explanation, including the reason for the change.

Schedule 35

1. Respondents shall provide an attached sheet detailing the account and the amount for all entries made to Lines 9 and 16.
2. Only companies who have specifically been authorized in a Commission Order to include cash working capital in rate base may include cash working capital in lines 9 or 16. Cash working capital must be calculated using the methodology approved in the Commission Order. The Commission Order specifying cash working capital shall be noted on the attached sheet.
3. Respondents shall indicate, for each adjustment on lines 30 through 42, if the amount is updated or if it is from the last rate case. All adjustments shall be calculated using Commission methodology.

Schedule 36

1. Respondents shall list the amount of tax accrued or paid for the fiscal year attributable to Montana sources for each of the listed taxes

Schedule 37

2. Respondents shall list the amount of Universal Service Funds received from Montana and from the federal government.

Telephone Annual Report

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General Information

Year: 2009

1	Legal Name of Respondent:	RONAN TELEPHONE COMPANY A MONT CORP
2	Name Under Which Respondent Does Business:	RONAN TELEPHONE COMPANY
3	Date of Incorporation:	JAN 1 1971
4	Address to send Correspondence Concerning Report:	312 MAIN STREET S.W. RONAN MT 59864
5	Person Responsible for This Report:	ROSA E. TOUGAS
5a.	Telephone Number:	406 676-2751
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:	COMMUNITYTEL INC. 312 MAIN STREET S.W. RONAN MT 59864
	1b. Means by which control was held:	HOLDING COMPANY
	1c. Percent Ownership:	100%

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	ROSA E TOUGAS RONAN MT	
2		
3	PHILIP J GRAINEY RONAN MT	\$3,600
4		
5	IVAN C EVILSIZER HELENA MT	
6		
7	ROBERT F ERICKSON RONAN MT	
8		
9	JAY W PRESTON RONAN MT	
10		
11	WILLIAM J WEBSTER POLSON MT	
12		
13	BARBARA R PAULSON RONAN MT	
14		
15		
16		
17		
18	Chairman of the Board:	
19	JAY WILSON PRESTON CHARLO MT	
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	OPERATIONS MANAGEMENT	ROSA E TOUGAS
2			RONAN MT 59864
3			
4	VICE PRESIDENT	OPERATIONS MANAGEMENT	JAY W PRESTON
5			RONAN MT 59864
6			
7	SECRETARY	LEGAL	PHILIP J GRAINEY
8			RONAN MT 59864
9			
10	TREASURER	FINANCIAL	ROBERT F ERICKSON
11			RONAN MT 59864
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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	241,343	253,227
3	1180	Telecommunications Accounts Receivable - Net	193,044	275,267
4	1190	Other Accounts Receivable - Net	727,410	502,838
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	87,629	8,128
8	* 1280	Prepayments		
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets	58,162	65,250
15		Total Current Assets	1,307,588	1,104,710
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments		
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets - NET NON-REG ASSETS	779,452	1,312,250
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges		
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	779,452	1,312,250
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	12,842,057	12,522,035
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	168,751	206,313
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(7,790,591)	(7,247,188)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		Net Property, Plant, & Equipment	5,220,217	5,481,160
40		TOTAL ASSETS	7,307,257	7,898,120

^ 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	150,856	75,760
43	4020	Notes Payable		130,606
44	4030	Advance Billing and Payments		
45	4040	Customer Deposits	6,370	5,590
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued	1,461	48,207
49	4080	Other Taxes - Accrued	58,747	62,370
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	256,241	289,342
53	4130	Other Current Liabilities		
54		Total Current Liabilities	473,675	611,875
55		LONG-TERM DEBT:		
56	4210	Funded Debt		
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	246,189	211,510
63		Total Long-Term Debt	246,189	211,510
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	1,176,180	1,260,556
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	152,847	152,211
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	1,329,027	1,412,767
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	114,400	114,400
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock	(10,000)	(10,000)
77	4540	Other Capital		
78	4550	Retained Earnings	5,153,966	5,557,568
79		Total Stockholders' Equity	5,258,366	5,661,968
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	7,307,257	7,898,120

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	1,720,487	1,811,770
3	5080	Network Access Revenues	2,668,002	2,665,643
4	* 5100	Long Distance Message Revenue	85,377	81,807
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	95,791	88,870
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	(5,469)	(15,250)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	4,564,188	4,632,840
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense	375,006	429,962
21	6210	Central Office Switching Expense	276,444	254,227
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	123,433	123,122
24	6310	Information Origination/Termination Expense	988	2,078
25	* 6410	Cable and Wire Facilities Expense	252,992	312,251
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	128,955	140,404
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense	622,480	651,222
32	6610	Marketing	70,427	59,475
33	6620	Services	749,123	1,107,458
34	6710	Executive and Planning	368,380	468,675
35	6720	General and Administrative	1,476,367	646,979
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	4,444,595	4,195,853
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	137,463	274,045
40		Net Operating Income (L.17-L.37+L.38-L.39)	(17,870)	162,942
41	7300	Nonoperating Income and Expense		
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items		
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income or (Loss)	(385,732)	(51,400)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	(403,602)	111,542

^ 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		
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	SCHEDULE NOT REQUIRED	
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements	ALL BUSINESS IS DONE IN	
9	* 5200	Miscellaneous Revenue	MONTANA	
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)		
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)		

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	THIS SCHEDULE IS NOT REQUIRED	
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)		
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)		

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2009

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	1,720,487	1,811,770
3	5080	Network Access Revenues	2,668,002	2,665,643
4	* 5100	Long Distance Message Revenue	85,377	81,807
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	95,791	88,870
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	(5,469)	(15,250)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	4,564,188	4,632,840
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	375,006	429,962
20	6120	General Support Expense	276,444	254,227
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	123,433	123,122
24	6310	Information Origination/Termination Expense	988	2,078
25	* 6410	Cable and Wire Facilities Expense	252,992	312,251
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	128,955	140,404
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense	622,480	651,222
32	6610	Marketing	70,427	59,475
33	6620	Services	749,123	1,107,458
34	6710	Executive and Planning	368,380	468,675
35	6720	General and Administrative	1,476,367	646,979
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	4,444,595	4,195,853
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	137,463	274,045
40		Net Operating Income (L.17-L.37+L.38-L.39)	(17,870)	162,942

^ Subaccount of the account marked with a *.

THIS SCHEDULE IS PREPARED ON A TOTAL STATE BASIS AS ALLOWED IN
THE INSTRUCTIONS

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	12,842,057	12,522,035
2	3100	Accumulated Depreciation	(7,790,591)	(7,247,188)
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	87,629	8,128
6	4340	Noncurrent Deferred Operating Income Taxes	(1,118,018)	(1,195,306)
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	302,738	267,429
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	4,323,815	4,355,098

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	NOT REQUIRED	
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)		

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service		
2	3100	Accumulated Depreciation		
3	2002	Property Held for Future Telecommunications Use	NOT REQUIRED	
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)		

RONAN TELEPHONE COMPANY HAS LESS THAN 5000 ACCESS LINES AND REPORTS AVERAGE RATE BASE ON A TOTAL STATE BASIS. RATE BASE IN THIS SCHEDULE INCLUDES ONLY REGULATED RATE BASE. DEREGULATED RATE BASE HAS BEEN SEPERATED AND IS NOT INCLUDED IN THIS SCHEDULE.

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:		(403,602)
3	Net Income		
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	643,097	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	(114,798)	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	(122,073)	
11	Change in Materials, Supplies & Inventories - Net	(75,944)	
12	Change in Operating Payables & Accrued Liabilities - Net	66,713	
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net	1,416	
15	Other (explained on back of this page) (1)	130,327	
16	Total Adjustments		528,738
17	Net Cash Provided by/(Used in) Operating Activities		125,136
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of	(388,815)	
20	AFUDC & Capital Lease Related Acquisitions)	159,929	
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) (2)	81,570	
25	Net Cash Provided by/(Used in) Investing Activities		(147,316)
26	Cash Flows from Financing Activities:		
27	Net Incr./((Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates	108,560	
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt	(105,400)	
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		3,160
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		(19,020)
40	Cash & Cash Equivalents at Beginning of Period		262,261
41	Cash & Cash Equivalents at End of Period		243,241

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. 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	HOT SPRINGS TELEPHONE		2,500		739					0	
4	RTC ANSWERING LLC		0		0					88,583	
30	Totals		2,500		739					88,583	

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	2,593,228	49,636	(106,319)		2,536,545	1,814,336	722,209
2	^	2111 Land							
3	^	2112 Motor Vehicles							
4	^	2113 Aircraft							
5	^	2114 Special Purpose Vehicles							
6	^	2115 Garage Work Equipment							
7	^	2116 Other Work Equipment							
8	^	2121 Buildings							
9	^	2122 Furniture							
10	^	2123 Office Equipment							
11	^	2124 General Purpose Computers							
12		2211 Analog Electronic Switching	71,788				71,788	71,787	1
13		2212 Digital Electronic Switching	3,805,166	353,358			4,158,524	3,046,712	1,111,812
14		2215 Electro-Mechanical Switching							
15		2220 Operator Systems							
16		2231 Radio Systems							
17		2232 Circuit Equipment	527,794				527,794	273,050	254,744
18	*	2310 Information Orig & Term Equip	28,002				28,002	24,812	3,190
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							
24		2411 Poles	29,166				29,166	20,857	8,309
25	*	2420 Cable and Wire Facilities	4,777,401	23,347			4,800,748	2,203,377	2,597,371
26	^	2421 Aerial Cable							
27	^	2422 Underground Cable							
28	^	2423 Buried Cable							
29	^	2424 Submarine Cable							
30	^	2425 Deep Sea Cable							
31	^	2426 Intra-building Network Cable							
32		2431 Aerial Wire	3,052				3,052	3,052	0
33		2441 Conduit Systems	686,438				686,438	332,608	353,830
34		Totals	\$12,522,035	\$426,341	0	0	\$12,842,057	\$7,790,591	\$5,051,466

^ Subaccount of the account marked with a *

Line No.	Location and Description of Property (a)	Analysis of Plant Held for Future Use						Year: 2009
		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	NOTHING TO REPORT							
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)		0	0	0	0	0

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												
2	NOTE PAYABLE	08/15/08	06/30/12	\$221,100	\$221,100	\$221,100	\$100.00	\$106,110	6.00%	\$9,055	0	6.00%
3												
4	NOTE PAYABLE	01/16/09	12/31/13	\$126,493	\$126,493	\$126,493	\$100.00	\$77,194	6.00%	\$4,813	0	6.00%
5												
6	NOTE PAYABLE	09/30/09	09/30/14	\$69,360	\$69,360	\$69,360	\$100.00	\$62,885	6.00%	766	0	6.00%
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Total			\$416,953	\$416,953	\$416,953	\$100.00	\$246,189		\$14,634	0	5.94%

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												
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)										

THIS SCHEDULE IS NOT APPLICABLE

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:	22,840	\$230.23	(\$17.67)	(1)	(1)	N/A - NOT PUBLICLY TRADED		
2									
3									
4	(1) NO DIVIDEND WAS DECLARED TO INDIVIDUAL STOCKHOLDERS AS RONAN TELEPHONE COMPANY								
5	IS OWNED 100% BY COMMUNITYTEL INC. (A HOLDING COMPANY)								
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									

MONTHLY DATA IS NOT REQUIRED AS STATED IN THE INSTRUCTIONS

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							
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)						

NO TRANSACTIONS OF THIS NATURE IN 2008

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)
1	*	Network Support Expense						
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense						
8	^	Land and Building Expense						
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense						
12	*	Central Office Switching Expense						
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16		Operator Systems Expense						
17	*	Central Office Transmission Expense						
18	^	Radio Systems Expense						
19	^	Circuit Equipment Expense						
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense						
26	^	Poles Expense						
27	^	Aerial Cable Expense						
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals						

THIS SCHEDULE IS NOT REQUIRED

^ 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	^	Conduit Systems Expense						
36		Other Property Expenses						
37	*	Network Operations Expense						
38	^	Power Expense						
39	^	Network Administration Expense						
40	^	Testing Expense						
41	^	Plant Operations Expense						
42	^	Engineering Expense						
43		Access Expense						
44		Depreciation - Telecomm. Plant in Service						
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing						
50	^	Product Management						
51	^	Sales						
52	^	Product Advertising						
53		Call Completion Services						
54		Number Services						
55		Customer Services						
56		Executive						
57		Planning						
58		Accounting and Finance						
59		External Relations						
60		Human Relations						
61		Information Management						
62		Legal						
63		Procurement						
64		Research and Development						
65		Other General and Administrative						
66		Provision for Uncollectible Notes Receivable						
67		Totals						

THIS SCHEDULE IS NOT REQUIRED

^ Subaccount of the account marked with a *

Total State Expense Matrix

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

THIS SCHEDULE IS NOT REQUIRED

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense						
36		Other Property Expenses						
37	*	Network Operations Expense						
38	^	Power Expense						
39	^	Network Administration Expense						
40	^	Testing Expense						
41	^	Plant Operations Expense						
42	^	Engineering Expense						
43		Access Expense						
44		Depreciation - Telecomm. Plant in Service						
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing						
50	^	Product Management						
51	^	Sales						
52	^	Product Advertising						
53		Call Completion Services						
54		Number Services						
55		Customer Services						
56		Executive						
57		Planning						
58		Accounting and Finance						
59		External Relations						
60		Human Relations						
61		Information Management						
62		Legal						
63		Procurement						
64		Research and Development						
65		Other General and Administrative						
66		Provision for Uncollectible Notes Receivable						
67		Totals						

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2009

1	Plan Name : RONAN TELEPHONE COMPANY 401(k) & PROFIT SHARING PLAN			
2	Defined Benefit Plan? <u>NO</u>	Defined Contribution Plan? <u>YES</u>		
3	Actuarial Cost Method? <u>N/A</u>	IRS Code: <u>414i</u>		
4	Annual Contribution by Employer: <u>\$ 197,093</u>	Is the Plan Over Funded? <u>NO</u>		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	SEE MOST CURRENT FORM 5500 SCHEDULE I ATTACHED		
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	Funded Status			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:			
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:			
47	Covered by the Plan	32	29	10.34%
48	Not Covered by the Plan	2	2	0.00%
49	Active	32	29	10.34%
50	Retired	0	3	-100.00%
51	Deferred Vested Terminated	0	0	0.00%

Other Post Employment Benefits (OPEBS)

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

NOT APPLICABLE - RONAN TELEPHONE COMPANY HAS NO POST EMPLOYMENT BENEFITS

Other Post Employment Benefits (OPEBS) Continued

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

Payments for Services to Persons Other Than Employees

Year: 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		THIS SCHEDULE IS NOT REQUIRED			
4					
5					
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45					
46					
47					
48					
49	Total				

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:	7,639,659	7.02%	8,844,555	8.10%
2	Interstate, InterLATA				
3	Interstate, IntraLATA				
4	Total Interstate Usage	7,639,659	7.02%	8,844,555	8.10%
5	Intrastate, InterLATA	(1)		(1)	
6	Intrastate, IntraLATA	(1)		(1)	
7	Total Intrastate Usage	11,967,682	10.99%	11,967,847	10.96%
8	Total Toll Usage	19,607,341	18.01%	20,812,402	19.06%
9	Centrex				
10	Local ESTIMATED	89,288,994	81.99%	88,404,945	80.94%
11	Total Minutes	108,896,335	100.00%	109,217,347	100.00%

(1) INTRASTATE LONG DISTANCE USAGE IS REPORTED ON A TOTAL STATE BASIS
IN ORDER TO AVOID INACCURACIES

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	676 RONAN	DIGITAL	1,423		956	321	367	140	673	2	22	145	100%	2,405
2														
3	675 PABLO	DIGITAL	641		381	208	142	44	212	2	10	19	100%	928
4														
5														
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30														
31														
32														
33	Total		2,064		1,337	529	509	184	885	4	32	164	100%	3,333

COLUMN L - OTHER
THESE ARE COMPANY LINES FOR OFFICIAL USE & TESTING

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	676 RONAN	HOST	DIGITAL	SIEMENS	DCO-E	3,780	1991
2							
3	675 PABLO	REMOTE	DIGITAL	SIEMENS	DCO-RLS	1,800	1995
4							
5	676 ROUND BUTTE E	REMOTE	DIGITAL	SIEMENS	DCO-RLS	180	2001
6							
7	676 ROUND BUTTE W	REMOTE	DIGITAL	SIEMENS	DCO-RLS	270	2001
8							
9	676/675 NORTH CROW	REMOTE	DIGITAL	SIEMENS	DCO-RLS	360	1994
10							
11	676 TIMBERLANE	REMOTE	DIGITAL	SIEMENS	DCO-RLS	270	1995
12							
13	676/675 PABLO WEST	REMOTE	DIGITAL	SIEMENS	DCO-RLS	270	2001
14							
15	676 RONAN	STAND ALONE	SOFT - SWITCH	COPPERCOM	CSX 1100	120 T-1's	2005
16							
17							
18							
19							
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48							

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

Construction Budget - Montana

Year: 2010

Line No.	Description (a)	2,010 (b)
1	Central Office Assets:	
2		
3		
4		
5		
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26		
27	Total Switching and Central Office Projects over \$500,000	0
28	Miscellaneous Central Office Projects not over \$500,000	\$50,000
29	Total Central Office Budget (Total of Line 27 & Line 28)	\$50,000
30	Other Projects over \$500,000:	
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	0
42	Miscellaneous projects not over \$500,000	\$300,000
43	Total Construction Budget (Total of Lines 29, 41 & 42)	\$350,000

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	49,636	179,934	-72.41%
2	2210	Central Office Assets	353,358	163,919	115.57%
3	2220	Operator Systems	0	0	
4	2230	Central Office Transmission	0	0	
5	2310	Information/Termination Assets	0	0	
6	2410	Cable and Wire Facilities Assets	23,347	69,060	-66.19%
7	2680	Amortizable Tangible Assets	0	0	
8	2690	Intangibles	0	0	
9		Total Construction Expenditures	\$426,341	\$412,913	3.25%

Montana Employee Counts

Year: 2009

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	GENERAL MANAGEMENT	2	2
2			
3	FINANCE & ACCOUNTING	1	1
4			
5	CENTRAL OFFICE	3	3
6			
7	DATA PROCESSING	2	2
8			
9	OUTSIDE PLANT - COMBINATIONMAN	3	3
10			
11	OUTSIDE PLANT - SPLICER	1	1
12			
13	OUTSIDE PLANT - CONSTRUCTION	1	1
14			
15	COMMERCIAL REPRESENTATIVES	11	10
16			
17	MARKETING	0	1
18			
19	ENGINEERING / DRAFTING TECHNICIAN	1	2
20			
21	HUMAN RESOURCE	1	0
22			
23	ADMINISTRATIVE	1	1
24			
25			
26			
27			
28			
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37			
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39			
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41			
42			
43	Totals (Sum of Lines 1 through 42)	27	27

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	Totals (Sum L.1 to L.10)						

PROPRIETARY INFORMATION

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	THIS PAGE IS NOT APPLICABLE						
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	12,842
3	2003 - 2004	Construction Work in Progress	169
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	88
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	(7,791)
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	5,308
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	4,564
13	6560	Depreciation & Amortization Expenses	622
14		Federal & State Income Taxes	0
15		Other Taxes	137
16		Other Operating Expenses	3823
17		TOTAL Operating Expenses	4582
18		Net Operating Income	-18
19		Other Income	
20		Other Deductions	
21		NET INCOME	-18
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	2064
24		Business Access Lines	863
25		PBX Access Lines	242
26		Other Access Lines	164
27		Total Number of Access Lines	3333
28		Average Number of Calls Per Access Line	
29		Local Calls	1200
30		Toll Calls (Intra- or Interstate)	500
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)	1700
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	\$52.60
34		Gross Plant Investment per Access Line	\$3,904

Depreciation - Montana Intrastate Regulated

Year: 2009

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	12.5%	25,912
2	2114	Special Purpose Vehicles	20.0%	56,522
3	2115	Garage Work Equipment		
4	2116	Other work Equipment		
5	2121	Buildings	2.5%	16,260
6	2122	Furniture	10.0%	6,958
7	2123.1	Office Support Equipment		
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	20.0%	30,034
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	10.0%	202,955
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	10.0%	42,128
16	2232	Circuit DDS		
17	2232	Circuit Digital	10.0%	3,359
18	2232	Circuit Analog	10.0%	21,697
19	2351	Public Telephone Terminating Equipment	10.0%	760
20	2362	Other Terminal Equipment		
21	2411	Poles	4.6%	938
22	2421	Aerial Cable Metallic	4.6%	4,427
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic	4.6%	5,776
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	4.6%	122,483
27	2423	Buried Cable Nonmetallic	4.6%	59,390
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		
33	2441	Conduit Systems	3.3%	22,881
34				
35		COMPOSITE TOTAL	9.38%	\$622,480
36	<p>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</p> <p>Docket Number <u>80.4.8</u> Order Number <u>4715(b)</u></p>			
37				
38				
39				
40				

Amortization - Montana Intrastate Regulated

Year: 2009

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1				
2				
3				
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34				
35		COMPOSITE TOTAL		
36	Please list the Montana Public Service Commission Docket Order No. approving these amortization rates			
37				
38				
39	Docket Number _____ Order Number _____			
40				

Montana Regulatory Capital Structure & Costs

Year: 2009

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number <u>80 . 4 . 8</u>			
2	Order Number <u>4715 (b)</u>			
3				
4	Common Equity	46.37%	12.600%	5.843%
5	Preferred Stock			
6	Long Term Debt	53.63%	9.080%	4.870%
7	Other			
8	Total	100.00%		10.712%
9				
Actual at Year End				
10				
11				
12	Common Equity	95.50%	12.600%	12.033%
13	Preferred Stock			
14	Long Term Debt	4.50%	6.289%	0.283%
15	Other			
16	Total	100.00%		12.316%

Network Access - Charges and Revenues

Year: 2009

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	0	2,509,896
2			
3	Montana - Intrastate	0	1,365,030
4			
5	Montana - Intrastate Regulated	0	1,365,030
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	CommunityTel Inc. (Parent)	Executive, Management, Financial & Business Development Services	Contract	\$352,000		\$352,000
2						
3						
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29						
30	TOTAL			\$352,000		\$352,000

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	RTC ANSWERING LLC		NO SERVICES PROVIDED			\$ 0
2						
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28						
29						
30	TOTAL					\$ 0

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	12,842,057	12,522,035	2.56%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(7,790,591)	(7,247,188)	-7.50%
5	Plant in Service	5,051,466	5,274,847	-4.23%
6				
7	Additions			
8	1220 Materials & Supplies	87,629	8,128	
9	1280 Prepayments			
10	Other Additions (1) CASH WORKING CAPITAL	302,738	267,429	13.20%
11	TOTAL Additions	390,367	275,557	41.66%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes	(58,162)	(65,250)	10.86%
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	1,176,180	1,260,556	-6.69%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	1,118,018	1,195,306	-6.47%
20	TOTAL Rate Base	4,323,815	4,355,098	-0.72%
21				
22	Net Earnings	(17,870)	162,942	-110.97%
23				
24	Rate of Return on Average Rate Base	-0.410%	3.741%	-110.96%
25				
26	Rate of Return on Average Equity	-0.340%	2.878%	-111.81%
27				
28	Major Normalizing Adjustments & Commission			
29	Ratemaking adjustments to Utility Operations			
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	Adjusted Rate of Return on Average Rate Base	-0.410%	3.741%	-110.96%
44				
45	Adjusted Rate of Return on Average Equity	-0.340%	2.878%	-111.81%

(1) AS ALLOWED IN DOCKET 80.4.8 ORDER 4715(b)

Other Taxes Paid

Year: 2009

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	0	0
2	Montana Public Service Commission Tax	9,010	7,438
3	Montana Consumer Counsel Tax	3,791	2,021
4	911 Emergency Telephone Fee	37,822	36,853
5	Montana Telecommunications Access Service (TDD)	3,755	3,658
6	Montana Corporate License Tax	21,367	0
7	Personal Property Tax	40,494	34,936
8	Real Property Tax	22,620	24,821
9			
10			
11			
12	Total	\$138,859	\$109,727

SCHEDULE 37

Universal Service Funds Received

Year: 2009

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	0	0
14	Funds received from Federal Sources	743,377	788,010
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	\$743,377	\$788,010