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YEAR ENDING 2010

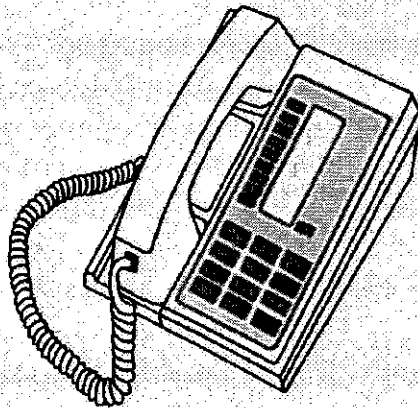
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PUBLIC SERVICE
COMMISSION

ANNUAL REPORT OF

CITIZENS TELECOMMUNICATIONS COMPANY OF MONTANA

TELEPHONE UTILITY



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

General Information

Year: 2010

1	Legal Name of Respondent:	Citizens Telecommunications Company of Montana
2	Name Under Which Respondent Does Business:	Frontier Communications of Montana
3	Date of Incorporation:	07/07/93
4	Address to send Correspondence Concerning Report:	100 CTE Drive Dallas, PA 18612
5	Person Responsible for This Report:	Jessica Matushek
5a.	Telephone Number:	570 - 631 - 5003
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:	Frontier Communications Corporation 3 High Ridge Park Stamford, CT 06905
	1b. Means by which control was held:	Common Stock
	1c. Percent Ownership:	100%

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Donald R Shassian 3 High Ridge Park, Stamford, CT. 06905	None
2	Mary Agnes Wilderotter 3 High Ridge Park, Stamford, CT. 06905	None
3	Daniel J. McCarthy 3 High Ridge Park, Stamford, CT. 06905	None
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18	Chairman of the Board:	
19	Mary Agnes Wilderotter	
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Officers

Year: 2010

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	Chairman		Mary Agnes Wilderotter
2	President & C.O.O.		Daniel J. McCarthy
3	V.P. & C.F.O.		Donald R. Shassian
4	V.P. & C.A.O.		Robert J. Larson
5	Secretary		Nancy Rights
6	V.P. & Treasurer		David R. Whitehouse
7	V.P. Engineering		Michael Golob
8	V.P. Regulatory		Kenneth Mason
9	V.P. Marketing		Peter B. Hayes
10	Assistant Secretary		David G Schwartz
11	Assistant Secretary		Gregg C. Sayre
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Total Company Balance Sheet

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	(1,054)	(3,059)
3	1180	Telecommunications Accounts Receivable - Net	508,085	459,989
4	1190	Other Accounts Receivable - Net	383,748	447,893
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	9,579	8,825
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		
15		Total Current Assets	900,358	913,647
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	4,002,884	1,677,088
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	1,244	1,738
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	4,004,128	1,678,826
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	32,267,745	31,654,272
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	249,666	132,497
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	14,619,967	14,619,967
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(24,317,246)	(22,678,161)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(10,089,884)	(9,657,997)
39		Net Property, Plant, & Equipment	12,730,248	14,070,577
40		TOTAL ASSETS	17,634,734	16,663,051

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	88,149	85,085
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	246,617	240,304
45	4040	Customer Deposits	11,274	10,323
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	27,772	239,399
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	17,278	(12,801)
53	4130	Other Current Liabilities	48	(3)
54		Total Current Liabilities	391,138	562,306
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		
63		Total Long-Term Debt		
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	5,301,476	5,170,616
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	192,547	190,859
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	5,494,024	5,361,476
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	1,000	1,000
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	11,748,572	10,738,269
79		Total Stockholders' Equity	11,749,572	10,739,269
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	17,634,734	16,663,051

Total Company Income Statement

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,335,572	2,474,353
3	5080	Network Access Revenues	3,568,982	3,524,465
4	* 5100	Long Distance Message Revenue	684	914
5	^ 5110	Unidirectional Long Distance Revenue	684	914
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	240,113	250,662
10	^ 5230	Directory Revenue	26,942	30,020
11	^ 5240	Rent Revenue	6,337	18,485
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	38,848	33,114
14	^ 5270	Carrier Billing and Collection Revenue	167,986	169,043
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	62,482	119,883
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	6,082,869	6,130,511
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	8,221	13
20	6120	General Support Expense	338,935	343,364
21	6210	Central Office Switching Expense	91,640	89,576
22	6220	Operator Systems Expense	4,835	3,597
23	6230	Central Office Transmission Expense	166,178	157,591
24	6310	Information Origination/Termination Expense	10,967	4,738
25	* 6410	Cable and Wire Facilities Expense	440,520	477,275
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	3	101
29	6530	Network Operations Expense	528,057	424,172
30	6540	Access Expense	204,552	259,072
31	6560	Depreciation and Amortization Expense	2,145,838	2,098,863
32	6610	Marketing	225,286	237,295
33	6620	Services	407,190	356,371
34	6710	Executive and Planning	135,897	76,849
35	6720	General and Administrative	619,358	371,789
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,327,478	4,900,665
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,028,928	1,200,342
40		Net Operating Income (L.17-L.37+L.38-L.39)	(273,537)	29,504
41	7300	Nonoperating Income and Expense	355	243
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	84	198
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(1,283,569)	(1,097,101)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	1,010,303	1,126,650

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:	Same as Schedule 4	
2	5000	Basic Local Service Revenues		
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		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: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,335,572	2,474,353
3	5080	Network Access Revenues	971,228	950,538
4	* 5100	Long Distance Message Revenue	684	914
5	^ 5110	Unidirectional Long Distance Revenue	684	914
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	145,103	155,755
10	^ 5230	Directory Revenue	26,942	30,020
11	^ 5240	Rent Revenue	6,337	18,485
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	38,848	33,114
14	^ 5270	Carrier Billing and Collection Revenue	72,976	74,136
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	62,482	119,883
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	3,390,105	3,461,677
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	5,414	8
20	6120	General Support Expense	223,223	226,174
21	6210	Central Office Switching Expense	60,354	59,003
22	6220	Operator Systems Expense	3,184	2,370
23	6230	Central Office Transmission Expense	109,445	103,805
24	6310	Information Origination/Termination Expense	7,223	3,121
25	* 6410	Cable and Wire Facilities Expense	290,127	314,381
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	2	66
29	6530	Network Operations Expense	347,567	278,215
30	6540	Access Expense	120,317	195,884
31	6560	Depreciation and Amortization Expense	1,541,570	1,508,873
32	6610	Marketing	133,302	140,407
33	6620	Services	303,764	267,029
34	6710	Executive and Planning	91,486	51,758
35	6720	General and Administrative	416,952	250,400
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	3,653,930	3,401,493
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	677,240	787,304
40		Net Operating Income (L.17-L.37+L.38-L.39)	(941,066)	(727,120)

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,335,572	2,474,353
3	5080	Network Access Revenues	971,228	950,538
4	* 5100	Long Distance Message Revenue	684	914
5	^ 5110	Unidirectional Long Distance Revenue	684	914
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	145,103	155,755
10	^ 5230	Directory Revenue	26,942	30,020
11	^ 5240	Rent Revenue	6,337	18,485
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	38,848	33,114
14	^ 5270	Carrier Billing and Collection Revenue	72,976	74,136
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	62,482	119,883
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	3,390,105	3,461,677
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	4,728	7
20	6120	General Support Expense	205,785	202,932
21	6210	Central Office Switching Expense	60,354	59,003
22	6220	Operator Systems Expense	3,184	2,370
23	6230	Central Office Transmission Expense	107,599	102,504
24	6310	Information Origination/Termination Expense	444	72
25	* 6410	Cable and Wire Facilities Expense	290,127	314,381
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	2	60
29	6530	Network Operations Expense	341,075	271,719
30	6540	Access Expense	116,320	191,062
31	6560	Depreciation and Amortization Expense	1,527,525	1,489,824
32	6610	Marketing	57,527	55,998
33	6620	Services	246,352	224,611
34	6710	Executive and Planning	82,914	46,556
35	6720	General and Administrative	381,720	228,087
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	3,425,655	3,189,186
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	550,965	633,294
40		Net Operating Income (L.17-L.37+L.38-L.39)	(586,516)	(360,803)

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	31,961,008	30,775,475
2	3100	Accumulated Depreciation	23,497,704	21,881,266
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	9,202	12,946
6	4340	Noncurrent Deferred Operating Income Taxes	5,236,046	5,068,946
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)	3,236,460	3,838,209

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	21,036,736	20,185,634
2	3100	Accumulated Depreciation	15,454,440	14,395,685
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	6,817	9,591
6	4340	Noncurrent Deferred Operating Income Taxes	2,236,315	2,163,933
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)	3,352,797	3,635,607

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	20,801,124	19,880,831
2	3100	Accumulated Depreciation	15,256,623	14,395,685
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	6,740	9,447
6	4340	Noncurrent Deferred Operating Income Taxes	563,328	1,968,313
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)	4,987,914	3,526,280

Statement of Cash Flows

Year: 2010

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		1,010,303
4	Reconciliation Adjustments:	2,070,972	
5	Depreciation & Amortization		
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	130,860	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	16,048	
11	Change in Materials, Supplies & Inventories - Net	(753)	
12	Change in Operating Payables & Accrued Liabilities - Net	(171,167)	
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net	1,688	
15	Other (explained on back of this page)		
16	Total Adjustments		2,047,647
17	Net Cash Provided by/(Used in) Operating Activities		3,057,949
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(730,642)	
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates	(2,325,302)	
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		(3,055,944)
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		2,006
40	Cash & Cash Equivalents at Beginning of Period		(3,059)
41	Cash & Cash Equivalents at End of Period		(1,054)

Company Name: Citizens Telecommunications Company of Montana

Year: 2010

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	Various		538,957	(30,872)	462,193	(78,444)				4,002,884	
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29			538,957	(30,872)	462,193	(78,444)				4,002,884	
30	Totals										

Net Plant in Service - Detail

Year:2010

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	2,649,821	30,295	(8,150)		2,671,966	1,607,105	1,064,861
2	^ 2111	Land	76,722				76,722		76,722
3	^ 2112	Motor Vehicles	455,180				455,180	235,709	219,471
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	53,233				53,233	64,505	(11,272)
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	239,549	15,080			254,629	139,059	115,570
8	^ 2121	Buildings	1,746,135	15,215	(8,150)		1,753,200	1,097,776	655,424
9	^ 2122	Furniture	4,208				4,208	(2,330)	6,538
10	^ 2123	Office Equipment							
11	^ 2124	General Purpose Computers	74,794				74,794	72,386	2,408
12		2211 Analog Electronic Switching							
13		2212 Digital Electronic Switching	3,812,412	17,049	(37,720)		3,791,741	2,705,890	1,085,851
14		2215 Electro-Mechanical Switching							
15		2220 Operator Systems							
16		2231 Radio Systems	1,423,978		(18,873)		1,405,105	1,378,938	26,167
17		2232 Circuit Equipment	5,492,864	300,531	(5,183)	7,900	5,796,112	4,888,094	908,018
18	* 2310	Information Orig & Term Equip	129,748				129,748	159,649	(29,901)
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	129,748				129,748	159,649	(29,901)
24		2411 Poles	714,049	31,364	(1,245)		744,168	692,758	51,410
25	* 2420	Cable and Wire Facilities	17,237,566	303,977	(6,473)		17,535,070	12,704,583	4,830,487
26	^ 2421	Aerial Cable	3,406,541	68,084	(3,562)		3,471,063	3,533,436	(62,373)
27	^ 2422	Underground Cable	163,692				163,692	126,356	37,336
28	^ 2423	Buried Cable	13,667,333	235,893	(2,911)		13,900,315	9,044,791	4,855,524
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable							
32		2431 Aerial Wire	45,109				45,109	101,410	(56,301)
33		2441 Conduit Systems	148,728				148,728	78,821	69,907
34		Totals	31,654,275	683,216	(77,644)	7,900	32,267,747	24,317,248	7,950,499

^ Subaccount of the account marked with a *.

Analysis of Plant Held for Future Use

Year: 2010

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							
3	none						
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: 2010

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	n/a											
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	Total											

Year: 2010

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	n/a											
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:2010

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price		Price/Earnings Ratio (i)
							High (g)	Low (h)	
1	Year Ended December 31:	100**							
2									
3									
4		**Frontier Communications Corporation owns 100 shares, 100% of the outstanding common stock of CTC MT.							
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: 2010

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	n/a							
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

Year:2010

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		3		8,217		8,221
2	^	6112 Motor Vehicle Expense		3		8,217		8,221
3	^	6113 Aircraft Expense						
4	^	6114 Special Purpose Vehicles Expense						
5	^	6115 Garage Work Equipment Expense						
6	^	6116 Other Work Equipment Expense						
7	*	6120 General Support Expense	19,921	6,752	30,535	281,727		338,935
8	^	6121 Land and Building Expense	6,351	2,144	24,385	91,825		124,706
9	^	6122 Furniture and Artworks Expense				2,534		2,534
10	^	6123 Office Equipment Expense			6,150	9,127		15,277
11	^	6124 General Purpose Computers Expense	13,569	4,608		178,241		196,418
12	*	6210 Central Office Switching Expense	39,052	14,011		38,576		91,640
13	^	6211 Analog Electronic Expense						
14	^	6212 Digital Electronic Expense	39,052	14,011		38,576		91,640
15	^	6215 Electro-Mechanical Expense						
16		6220 Operator Systems Expense				4,835		4,835
17	*	6230 Central Office Transmission Expense	110,729	39,474		15,975		166,178
18	^	6231 Radio Systems Expense	15,536	5,693		1,850		23,079
19	^	6232 Circuit Equipment Expense	95,193	33,781		14,124		143,099
20	*	6310 Information Origination/Termination Expense	7,288	2,546		1,133		10,967
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	7,288	2,546		1,133		10,967
25	*	6410 Cable and Wire Facilities Expense	180,430	63,061	53,837	143,193		440,520
26	^	6411 Poles Expense			53,837	438		54,275
27	^	6421 Aerial Cable Expense	51,223	17,855		16,787		85,865
28	^	6422 Underground Cable Expense						
29	^	6423 Buried Cable Expense	129,207	45,205		125,868		300,281
30	^	6424 Submarine Cable Expense						
31	^	6425 Deep Sea Cable Expense						
32	^	6426 Intrabuilding Network Cable Expense						
33	^	6431 Aerial Wire Expense				99		99
34		Subtotals	357,420	125,848	84,372	493,657		1,061,297

^ Subaccount of the account marked with a *.

Year: 2010

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		3				3
36		Other Property Expenses						
37	*	Network Operations Expense	264,791	83,599		179,667		528,057
38	^	Power Expense	111,812	34,583		48,202		48,202
39	^	Network Administration Expense	7,383	2,748		45,539		191,935
40	^	Testing Expense	89,894	27,362		19		10,149
41	^	Plant Operations Expense	55,703	18,906		34,775		152,031
42	^	Engineering Expense				51,131		125,740
43		Access Expense				204,552		204,552
44		Depreciation - Telecomm. Plant in Service				1,713,951		1,713,951
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other				431,887		431,887
49	*	Marketing	77,620	16,309		131,357		225,286
50	^	Product Management	18,465	5,186		39,190		62,841
51	^	Sales	59,155	11,122		20,003		90,281
52	^	Product Advertising				72,164		72,164
53		Call Completion Services	11,548	3,951		465		15,965
54		Number Services	2,424	771		434		3,628
55		Customer Services	225,820	75,478		86,299		387,597
56		Executive	51,109	40,984		38,881		130,975
57		Planning	3,387	1,086		450		4,922
58		Accounting and Finance	58,757	14,460		22,232		95,450
59		External Relations	19,500	5,809		60,915		86,224
60		Human Relations	25,547	5,464		11,446		42,457
61		Information Management	31,219	13,892		63,704		108,815
62		Legal	9,280	1,002		6,351		16,633
63		Procurement	5,453	1,714		2,959		10,126
64		Research and Development						
65		Other General and Administrative	13,530	8,277	8,583	229,262		259,652
66		Provision for Uncollectible Notes Receivable						
67		Totals	1,157,407	398,648	92,955	3,678,468		5,327,478

^ 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	same as Schedule 17					
2	^ 6112	Motor Vehicle Expense						
3	^ 6113	Aircraft Expense						
4	^ 6114	Special Purpose Vehicles Expense						
5	^ 6115	Garage Work Equipment Expense						
6	^ 6116	Other Work Equipment Expense						
7	* 6120	General Support Expense						
8	^ 6121	Land and Building Expense						
9	^ 6122	Furniture and Artworks Expense						
10	^ 6123	Office Equipment Expense						
11	^ 6124	General Purpose Computers Expense						
12	* 6210	Central Office Switching Expense						
13	^ 6211	Analog Electronic Expense						
14	^ 6212	Digital Electronic Expense						
15	^ 6215	Electro-Mechanical Expense						
16	6220	Operator Systems Expense						
17	* 6230	Central Office Transmission Expense						
18	^ 6231	Radio Systems Expense						
19	^ 6232	Circuit Equipment Expense						
20	* 6310	Information Origination/Termination Expense						
21	^ 6311	Station Apparatus Expense						
22	^ 6341	Large Private Branch Exchange Expense						
23	^ 6351	Public Telephone Terminal Equipment Exp.						
24	^ 6362	Other Terminal Equipment Expense						
25	* 6410	Cable and Wire Facilities Expense						
26	^ 6411	Poles Expense						
27	^ 6421	Aerial Cable Expense						
28	^ 6422	Underground Cable Expense						
29	^ 6423	Buried Cable Expense						
30	^ 6424	Submarine Cable Expense						
31	^ 6425	Deep Sea Cable Expense						
32	^ 6426	Intrabuilding Network Cable Expense						
33	^ 6431	Aerial Wire Expense						
34		Subtotals						

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^ 6441	Conduit Systems Expense						
36	6510	Other Property Expenses						
37	* 6530	Network Operations Expense						
38	^ 6531	Power Expense						
39	^ 6532	Network Administration Expense						
40	^ 6533	Testing Expense						
41	^ 6534	Plant Operations Expense						
42	^ 6535	Engineering Expense						
43	6540	Access Expense						
44	6561	Depreciation - Telecomm. Plant in Service						
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	* 6610	Marketing						
50	^ 6611	Product Management						
51	^ 6612	Sales						
52	^ 6613	Product Advertising						
53	6621	Call Completion Services						
54	6622	Number Services						
55	6623	Customer Services						
56	6711	Executive						
57	6712	Planning						
58	6721	Accounting and Finance						
59	6722	External Relations						
60	6723	Human Relations						
61	6724	Information Management						
62	6725	Legal						
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative						
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals						

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2010

1	Plan Name			
2	Defined Benefit Plan? _____	Defined Contribution Plan? _____		
3	Actuarial Cost Method? _____	IRS Code: _____		
4	Annual Contribution by Employer: _____	Is the Plan Over Funded? _____		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	890,576,000	831,687,000	7.08%
8	Service cost	21,169,000	6,098,000	247.15%
9	Interest Cost	67,735,000	52,127,000	29.94%
10	Plan Change		609,000	
11	PBO of Acquired Business & Actuarial Adj. To Plan	645,354,000		
12	Actuarial (Gain)/ Loss	87,024,000	69,861,000	24.57%
13	Benefits paid	(67,270,000)	(71,373,000)	-5.75%
14	Special Termination Benefits and Other	69,000	1,567,000	-95.60%
15	Benefit obligation at end of year	1,644,657,000	890,576,000	84.67%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	608,625,000	589,776,000	3.20%
18	Actual return on plan assets	154,554,000	90,222,000	71.30%
19	Fair value of plan assests for Acquired Business	581,256,000		
20	Employer contribution	13,109,000		
21	Plan participants' contributions			
22	Benefits paid	(67,270,000)	(71,373,000)	-5.75%
23	Fair value of plan assets at end of year	1,290,274,000	608,625,000	112.00%
24	Funded Status	(354,383,000)	(281,951,000)	25.69%
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	(354,383,000)	(281,951,000)	25.69%
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate	5.25%	5.75%	8.70%
31	Expected return on plan assets	8.00%	8.00%	
32	Rate of compensation increase	3.00%	3.00%	
33	Components of Net Periodic Benefit Costs			
34	Service cost	21,169,000	6,098,000	-247.15%
35	Special Termination Charge and Other	69,000	1,567,000	95.60%
36	Interest cost	67,735,000	52,127,000	-29.94%
37	Expected return on plan assets	(69,831,000)	(44,712,000)	56.18%
38	Amortization of prior service cost	(199,000)	(255,000)	-21.96%
39	Amortization of unrecognized loss	27,393,000	27,144,000	-0.92%
40	Net periodic benefit cost	46,336,000	41,969,000	-10.41%
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	10	9	-11.11%
48	Not Covered by the Plan			
49	Active	10	9	-11.11%
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	5.75% / 5.50%	6.500%	
8 Expected return on plan assets	6.00%	6.00%	
9 Medical Cost Inflation Rate	5-9.0%	5-9.0%	
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	189,290,000	178,615,000	5.98%
20 Service cost	7,956,000	361,000	2103.88%
21 Interest Cost	17,883,000	11,017,000	62.32%
22 Plan participants' contributions	3,976,000	4,086,000	-2.69%
23 Benefit obligation of Acquired Business at acquisition	285,451,000		
24 Actuarial (Gain)/ Loss	16,670,000	11,378,000	46.51%
25 Plan Change	(27,930,000)		
26 Benefits paid	(14,720,000)	(16,167,000)	-8.95%
27 Benefit obligation at end of year	478,576,000	189,290,000	152.83%
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year	8,028,000	8,137,000	-1.34%
30 Actual return on plan assets	600,000	1,018,000	-41.06%
31 Acquisition			
32 Employer contribution	8,355,000	10,954,000	-23.73%
33 Plan participants' contributions			
34 Benefits paid	(10,743,000)	(12,081,000)	-11.08%
35 Fair value of plan assets at end of year	6,240,000	8,028,000	-22.27%
36 Funded Status	(472,336,000)	(181,262,000)	160.58%
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost	(472,336,000)	(181,262,000)	160.58%
40 Components of Net Periodic Benefit Costs			
41 Service cost	7,956,000	361,000	2103.88%
42 Interest cost	17,883,000	11,017,000	62.32%
43 Expected return on plan assets	(436,000)	(439,000)	-0.68%
44 Amortization of prior service cost	(8,157,000)	(7,751,000)	5.24%
45 Amortization of unrecognized loss	4,917,000	5,041,000	-2.46%
46 Net periodic benefit cost	22,163,000	8,229,000	169.33%
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA	6,240,000	8,028,000	-22.27%
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL	6,240,000	8,028,000	-22.27%
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: 2010

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	3,426	3,610	-5.10%
3	Not Covered by the Plan			
4	Active	1,005	1,122	-10.43%
5	Retired	2,421	2,488	-2.69%
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	10	9	11.11%
54	Retired			
55	Spouses/Dependants covered by the Plan			

Payments for Services to Persons Other Than Employees

Year: 2010

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	Preferred Electric Inc	Disconnect Hardwired Equip	465	465	465
2	Montana One	Call Answering Service	2,899	2,899	2,899
3	SOS Staffing Services, Inc.	Staffing Services	7,819	7,819	7,819
4	Royal Service	Air Dryer Inspection	304	304	304
5	Track Utilities Inc.	Inspection Labor	120,871	120,871	120,871
6	Volt Information Sciences	Contract Labor	1,008	1,008	1,008
7	Lincoln County Broadcaster	Commercial	104	104	104
8	Mountain LTD	Contract Labor	36,426	36,426	36,426
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		169,895	169,895	169,895

Subscriber Line Usage Data

Year: 2010

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	25,425,998	66.37%	27,568,497	68.10%
3	Interstate, IntraLATA	1,469,311	3.84%	1,600,939	3.95%
4	Total Interstate Usage	26,895,309	70.20%	29,169,436	72.06%
5	Intrastate, InterLATA	8,050,935	21.01%	7,837,503	19.36%
6	Intrastate, IntraLATA	3,354,794	8.76%	3,465,129	8.56%
7	Total Intrastate Usage	11,405,729	29.77%	11,302,632	27.92%
8	Total Toll Usage	38,301,038	99.97%	40,472,068	99.98%
9	Centrex				
10	Local	10,649	0.03%	7,921	0.02%
11	Total Minutes	38,311,687	100.00%	40,479,989	100.00%

Central Office and Access Line Statistics

Year: 2010

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	Libby, MT	DMS-10	3,470					1,174	135		28	187	99.9%	4,994
2	Troy, MT	DMS-10	1,690					280	10		10	65	99.9%	2,055
3	Eureka, MT	DMS-10	41					27	6		5	24	99.9%	103
4														
5	Total Company					364								
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32														
33	Total		5201			364		1481	151		43	276	2.997	7152

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

Central Office and Switch Information

Year: 2010

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	Libby, Mt	Host HSO Stand Alone	DMS 10	NORTEL	502.1	6,400	1996
2	Troy, Mt	Remote SSO	DMS 10	NORTEL	412.2	2,560	1992
3	Eureka, Mt	Remote RSC	RSC-S	NORTEL	502.1	1,920	1996
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NOTE: Additional blank schedules are being provided for your convenience.

Construction Budget - Montana

Year: 2010

Line No.	Description (a)	2011 (b)
1	Central Office Assets:	
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26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	203,732
29	Total Central Office Budget (Total of Line 27 & Line 28)	203,732
30	Other Projects over \$500,000:	
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	583,318
43	Total Construction Budget (Total of Lines 29, 41 & 42)	787,050

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			
2	2210	Central Office Assets			
3	2220	Operator Systems			
4	2230	Central Office Transmission			
5	2310	Information/Termination Assets			
6	2410	Cable and Wire Facilities Assets			
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		Total Construction Expenditures	800,388	604,291	32.45%

Montana Employee Counts

Year: 2010

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Exempt	1	1
2	Non-Exempt	8	9
3			
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43	Totals (Sum of Lines 1 through 42)	9	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	See Proxy Statement www.sec.gov						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year: 2010

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	21,239
3	2003 - 2004	Construction Work in Progress	164
4	2005	Plant Acquisition Adjustments	9,623
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	7
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	22,630
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	53,662
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	3,390
13	6560	Depreciation & Amortization Expenses	1,542
14		Federal & State Income Taxes	677
15		Other Taxes	
16		Other Operating Expenses	2,112
17		TOTAL Operating Expenses	4,331
18		Net Operating Income	(941)
19		Other Income	
20		Other Deductions	
21		NET INCOME	(941)
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	5201
24		Business Access Lines	1594
25		PBX Access Lines	38
26		Other Access Lines	319
27		Total Number of Access Lines	7152
28		Average Number of Calls Per Access Line	
29		Local Calls	n/a
30		Toll Calls (Intra- or Interstate)	n/a
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)	
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	12
34		Gross Plant Investment per Access Line	2,970

Depreciation - Montana Intrastate Regulated

Year: 2010

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	7.7%	22,014
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	5.6%	8,816
5	2121	Buildings	2.9%	36,095
6	2122	Furniture	3.9%	103
7	2123.1	Office Support Equipment		
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	9.8%	4,579
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	6.5%	177,449
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems		
16	2232	Circuit DDS	7.1%	288,128
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles	6.3%	32,739
22	2421	Aerial Cable Metallic	6.9%	170,468
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic	4.7%	5,527
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	4.8%	475,285
27	2423	Buried Cable Nonmetallic		
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	2.2%	2,351
34				
35		COMPOSITE TOTAL		
36	<p>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</p> <p>Docket Number <u>93.7.30</u> Order Number _____</p>			
37				
38				
39				
40				

Amortization - Montana Intrastate Regulated

Year: 2010

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1				
2		N/A		
3				
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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: 2010

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number <u>93.3.12</u>			
2	Order Number <u>5632d</u>			
3				
4	Common Equity	56.21%	9.83%	5.52%
5	Preferred Stock	0.51%	8.28%	0.04%
6	Long Term Debt	43.28%	12.67%	3.39%
7	Other			
8	Total	100.00%		8.953%
Actual at Year End				
9				
10				
11				
12	Common Equity	50.50%	-23.23%	-11.73%
13	Preferred Stock			
14	Long Term Debt	49.50%	7.99%	3.96%
15	Other			
16	Total	100.00%		-7.777%

Network Access - Charges and Revenues

Year: 2010

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3,568,982
2			
3	Montana - Intrastate		971,228
4			
5	Montana - Intrastate Regulated		971,228
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Affiliate Transactions - Products & Services Provided to Utility

Year: 2010

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	Citizens Communication Company (Parent)	Executive Mgmt, Legal, Accounting, Share Holder Relations, HR	Fully Distributed Cost per FCC Part 64.901	142,878		142,878
2						
3						
4						
5	Telecom Sector Central Services	Financial, Regulatory, G/L, A/P, PY, IT, Legal, Engineering, Customer Service	Fully Distributed Cost per FCC Part 64.901	940,968		940,968
6						
7						
8						
9	Telecom Regional Services	Local Management	Fully Distributed Cost per FCC Part 64.901	240,853		240,853
10						
11						
12	Telecom Sector Central Services (Conversion)	Billing System Conversion	Fully Distributed Cost per FCC Part 64.901	479,479		479,479
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30	TOTAL			\$1,804,177		\$1,804,177

Affiliate Transactions - Products & Services Provided by Utility

Year: 2010

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	N/A					
2						
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30	TOTAL					

Montana Intrastate Regulated Earned Rate of Return

Year: 2010

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	20,801,124	19,880,831	4.63%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(15,256,623)	(14,395,685)	-5.98%
5	Plant in Service	5,544,501	5,485,146	1.08%
6				
7	Additions			
8	1220 Materials & Supplies	6,740	9,447	-28.65%
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions	6,740	9,447	-28.65%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	563,328	1,968,313	-71.38%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	563,328	1,968,313	-71.38%
20	TOTAL Rate Base	4,987,914	3,526,280	41.45%
21				
22	Net Earnings	(586,516)	(360,803)	-62.56%
23				
24	Rate of Return on Average Rate Base	-11.759%	-10.232%	-14.92%
25				
26	Rate of Return on Average Equity	-31.116%	-28.044%	-10.96%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30	4340 Remove Deferred Income Taxes related to Telecom	(1,443,438)	(1,407,148)	
31	Plant Adjustment (TPA)			
32				
33	Comp Tax Rate @ 39.39% w/interest expense adjustment	86,377	84,918	1.72%
34				
35				
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42				
43	Adjusted Rate of Return on Average Rate Base	-7.78%	-5.59%	-39.06%
44				
45	Adjusted Rate of Return on Average Equity	-23.23%	-18.86%	-23.18%

Other Taxes Paid

Year: 2010

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Retail telecommunications Excise Tax	63,944	113,181
2	Montana Public Service Commission Tax	6,295	6,077
3	Montana Consumer Counsel Tax	2,658	1,773
4	911 Emergency Telephone Fee	77,922	74,638
5	Montana Telecommunications Access Service (TDD)	7,729	7,408
6	Real Property Tax	392,263	427,163
7			
8			
9			
10			
11			
12	Total	550,811	630,239

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Universal Service Funds Received

Year: 2010

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	939,822	810,496
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19			
20			
21			
22			
23			
24	Total	939,822	810,496