

YEAR ENDING 2010

ANNUAL REPORT  
OF  
**Lincoln Telephone Company, Inc.**

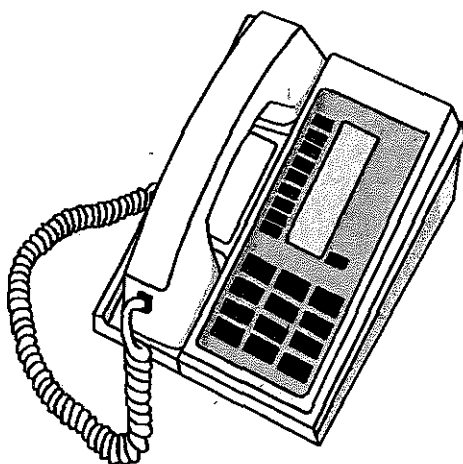
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PUBLIC SERVICE  
COMMISSION

TELEPHONE UTILITY



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

**General Information**

Year: 2010

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

<b>Board of Directors</b>		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Edward Grady 9768 Lincoln Rd West Canyon Creek, MT 59633	1400
2	Dick Haines 5935 St. Francis Missoula, MT 59802	1400
3	Tim Mulcare 225 Brookfield Helena, MT 59602	1400
4	Robert Orr Box 1 Lincoln, MT 59639	1400
5	Sheldon Stoner 44 Wonder Rd Clancy, MT 59634	1400
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18	<b>Chairman of the Board:</b> Robert Orr	
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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	President	Company	Robert Orr
2			111 Stemple Pass Road
3			Lincoln, MT 59639
4			
5	Vice-President	Company	Dick Haines
6			111 Stemple Pass Road
7			Lincoln, MT 59639
8			
9	Secretary	Company	Ken Lumpkin
10			111 Stemple Pass Road
11			Lincoln, MT 59639
12			
13	Treasurer	Company	Ken Lumpkin
14			111 Stemple Pass Road
15			Lincoln, MT 59639
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**Total Company Balance Sheet**

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>CURRENT ASSETS:</b>		
2	1120	Cash and Equivalents	303,950	379,736
3	1180	Telecommunications Accounts Receivable - Net	96,600	74,522
4	1190	Other Accounts Receivable - Net	111,669	105,724
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	44,890	55,302
8	* 1280	Prepayments	84,774	
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes	77,471	
11	^ 1310	Prepaid Insurance	7,303	
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets		
15		<b>Total Current Assets</b>	<b>641,883</b>	<b>615,284</b>
16		<b>NONCURRENT ASSETS:</b>		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	838,968	860,020
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges		
25	1500	Other Jurisdictional Assets - Net		
26		<b>Total Noncurrent Assets</b>	<b>838,968</b>	<b>860,020</b>
27		<b>PROPERTY, PLANT, &amp; EQUIPMENT:</b>		
28	2001	Telecommunications Plant in Service	7,298,016	6,921,168
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	166,270	75,149
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(5,044,489)	(4,711,590)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		<b>Net Property, Plant, &amp; Equipment</b>	<b>2,419,797</b>	<b>2,284,727</b>
40		<b>TOTAL ASSETS</b>	<b>3,900,648</b>	<b>3,760,031</b>

^ 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		<b>CURRENT LIABILITIES:</b>		
42	4010	Accounts Payable	185,497	27,588
43	4020	Notes Payable		
44	4030	Advance Billing and Payments		
45	4040	Customer Deposits	3,650	26,432
46	4050	Current Maturities - Long Term Debt	72,283	64,939
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	22,717	22,295
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities		
53	4130	Other Current Liabilities		
54		<b>Total Current Liabilities</b>	<b>284,147</b>	<b>141,254</b>
55		<b>LONG-TERM DEBT:</b>		
56	4210	Funded Debt	796,699	755,752
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		
63		<b>Total Long-Term Debt</b>	<b>796,699</b>	<b>755,752</b>
64		<b>OTHER LIABILITIES AND DEFERRED CREDITS:</b>		
65	4310	Other Long-Term Liabilities	583,864	582,340
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	308,800	276,641
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		<b>Total Other Liabilities and Deferred Credits</b>	<b>892,664</b>	<b>858,981</b>
73		<b>STOCKHOLDERS' EQUITY:</b>		
74	4510	Capital Stock	2,450	2,450
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock	(2,240)	(2,240)
77	4540	Other Capital		
78	4550	Retained Earnings	1,926,928	2,003,834
79		<b>Total Stockholders' Equity</b>	<b>1,927,138</b>	<b>2,004,044</b>
80		<b>TOTAL LIAB. AND STOCKHOLDERS' EQUITY</b>	<b>3,900,648</b>	<b>3,760,031</b>

## Total Company Income Statement

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	218,310	228,076
3	5080	Network Access Revenues	685,031	872,320
4	* 5100	Long Distance Message Revenue	26,415	22,392
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	26,415	22,392
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	272,480	226,407
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	270,793	224,749
14	^ 5270	Carrier Billing and Collection Revenue	1,687	1,658
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	5,658	24,974
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>1,196,578</b>	<b>1,324,221</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense		
20	6120	General Support Expense	33,102	32,566
21	6210	Central Office Switching Expense	307,996	292,179
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	12,292	10,462
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	93,164	109,278
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense	93,164	109,278
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense	6,048	3,456
31	6560	Depreciation and Amortization Expense	287,103	291,388
32	6610	Marketing		
33	6620	Services	186,021	193,474
34	6710	Executive and Planning	102,264	85,909
35	6720	General and Administrative	241,003	218,417
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>1,268,993</b>	<b>1,237,129</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	(17,066)	77,561
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>(55,349)</b>	<b>9,531</b>
41	7300	Nonoperating Income and Expense		
42	7400	Nonoperating Taxes	60,618	71,167
43	7500	Interest and Related Items	39,217	37,667
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(200,778)	(152,490)
47		<b>NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)</b>	<b>45,594</b>	<b>53,187</b>

^ 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		<b>REVENUES:</b>	Schedule 4	
2	5000	Basic Local Service Revenues		
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>		
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>		

^ Subaccount of the account marked with a \*.

## Montana Intrastate Income Statement

Year: 2010

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

^ Subaccount of the account marked with a \*.



**Montana Intrastate Regulated Income Statement**

Year: 2010

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

^ Subaccount of the account marked with a \*.

**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	7298016	6921168
2	3100	Accumulated Depreciation	5044489	4711590
3	2002	Property Held for Future Telecommunications Use	116270	75149
4	3200	Accumulated Depreciation		
5	1220	Materials and Supplies	44890	55302
6	4340	Noncurrent Deferred Operating Income Taxes	308800	276641
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	2105887	2063388

**Average Rate Base - Intrastate**

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

**Average Rate Base - Regulated Intrastate**

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

## Statement of Cash Flows

Year: 2010

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	<b>Increase/(decrease) in Cash &amp; Cash Equivalents</b>		
2	<b>Cash Flows from Operating Activities:</b>		
3	Net Income		45593
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	350398	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	32159	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	-27573	
11	Change in Materials, Supplies & Inventories - Net	8776	
12	Change in Operating Payables & Accrued Liabilities - Net	106014	
13	Change in Other Assets & Deferred Credits - Net	-70965	
14	Change in Other Liabilities & Deferred Credits - Net	21693	
15	Other (explained on back of this page)		
16	Total Adjustments		
17	<b>Net Cash Provided by/(Used in) Operating Activities</b>		466095
18	<b>Cash Inflows/Outflows From Investing Activities:</b>		
19	Construction/Acquisition of Property, Plant & Equipment (net of	-467672	
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)		
25	<b>Net Cash Provided by/(Used in) Investing Activities</b>		-467672
26	<b>Cash Flows from Financing Activities:</b>		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt	117765	
31	Repayment of Long-Term Debt	-69474	
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid	-122500	
36	Other Financing Activities (explained on back of this page)		
37	<b>Net Cash Provided by Financing Activities</b>		-74209
38	<b>Effect of Exchange Rate Changes on Cash</b>		
39	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		(75,786)
40	<b>Cash &amp; Cash Equivalents at Beginning of Period</b>		379736
41	<b>Cash &amp; Cash Equivalents at End of Period</b>		303950

Company Name: Lincoln Telephone Company, Inc.

SCHEDULE 10

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2010

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	Subscribers		96600								
2	ATT				21326						
3	MCI				3920						
4	NECA				32365						
5	Sprint				1856						
6	Allnet				17478						
7	Other Carriers				34724						
8											
9											
10											
11											
12											
13	MTA										1640
14	NISC										29421
15	MAIN										480507
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30	Totals		96600		111669						511568

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	902972	47784	-10252		940504	846750	93754
2	^ 2111	Land	42666				42666		42666
3	^ 2112	Motor Vehicles	409034	34485	-10250		433269	403630	29639
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles							
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	57724	5345			63069	57725	5344
8	^ 2121	Buildings	227805	7954			235759	229477	6282
9	^ 2122	Furniture							
10	^ 2123	Office Equipment	39387				39387	29564	9823
11	^ 2124	General Purpose Computers	126356		-2		126354	126354	
12	2211	Analog Electronic Switching							
13	2212	Digital Electronic Switching	2267266	171313			2438579	1995411	443168
14	2215	Electro-Mechanical Switching							
15	2220	Operator Systems							
16	2231	Radio Systems	26297				26297	26297	
17	2232	Circuit Equipment	71836				71836	71836	
18	* 2310	Information Orig & Term Equip	17293				17293	17293	
19	^ 2311	Station Apparatus							
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.	17293				17293	17293	
23	^ 2362	Other Terminal Equipment							
24	2411	Poles							
25	* 2420	Cable and Wire Facilities	3625120	168003			3793123		3793123
26	^ 2421	Aerial Cable	267				267	267	
27	^ 2422	Underground Cable							
28	^ 2423	Buried Cable	3624853	168003			3792856	2076251	1716605
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable							
32	2431	Aerial Wire	10384				10384	10384	
33	2441	Conduit Systems							
34		<b>Totals</b>	6921168	387100	-10252		7298016	5044489	2253527

^ 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	NONE						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
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17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	<b>Totals</b> (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	USD/REA	1979	2014	1119000				133317		2613		1.96%
2	USD/REA											
3	USD/REA	Jun-05	Jul-05	775000				735665		35954		4.89%
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			1894000				868982		38567		4.44%

Cost of Preferred Stock

Year: 2010

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



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:	98	19665	465	1250	-62.80%	Stock Not Publically Traded		
2									
3									
4									
5									
6									
7									
8	Month by Month Data:								
9	January								
10	February								
11	March								
12	April								
13	May								
14	June								
15	July								
16	August								
17	September								
18	October								
19	November								
20	December								
21									
22									
23									

Company Name: Lincoln Telephone Company, Inc.

SCHEDULE 16

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

**Total Company Expense Matrix**

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	6110	Network Support Expense					
2	^	6112	Motor Vehicle Expense					
3	^	6113	Aircraft Expense					
4	^	6114	Special Purpose Vehicles Expense					
5	^	6115	Garage Work Equipment Expense					
6	^	6116	Other Work Equipment Expense					
7	*	6120	General Support Expense					
8	^	6121	Land and Building Expense					
9	^	6122	Furniture and Artworks Expense					
10	^	6123	Office Equipment Expense					
11	^	6124	General Purpose Computers Expense					
12	*	6210	Central Office Switching Expense					
13	^	6211	Analog Electronic Expense					
14	^	6212	Digital Electronic Expense					
15	^	6215	Electro-Mechanical Expense					
16		6220	Operator Systems Expense					
17	*	6230	Central Office Transmission Expense					
18	^	6231	Radio Systems Expense					
19	^	6232	Circuit Equipment Expense					
20	*	6310	Information Origination/Termination Expense					
21	^	6311	Station Apparatus Expense					
22	^	6341	Large Private Branch Exchange Expense					
23	^	6351	Public Telephone Terminal Equipment Exp.					
24	^	6362	Other Terminal Equipment Expense					
25	*	6410	Cable and Wire Facilities Expense					
26	^	6411	Poles Expense					
27	^	6421	Aerial Cable Expense					
28	^	6422	Underground Cable Expense					
29	^	6423	Buried Cable Expense					
30	^	6424	Submarine Cable Expense					
31	^	6425	Deep Sea Cable Expense					
32	^	6426	Intrabuilding Network Cable Expense					
33	^	6431	Aerial Wire Expense					
34			<b>Subtotals</b>					

^ Subaccount of the account marked with a \*.

**Total Company Expense Matrix**

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	6441	Conduit Systems Expense						
36	65110	Other Property Expenses						
37	* 6530	Network Operations Expense						
38	6531	Power Expense						
39	6532	Network Administration Expense						
40	6533	Testing Expense						
41	6534	Plant Operations Expense						
42	6535	Engineering Expense						
43	6540	Access Expense						
44	6561	Depreciation - Telecomm. Plant in Service						
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	* 6610	Marketing						
50	6611	Product Management						
51	6612	Sales						
52	6613	Product Advertising						
53	6621	Call Completion Services						
54	6622	Number Services						
55	6623	Customer Services						
56	6711	Executive						
57	6712	Planning						
58	6721	Accounting and Finance						
59	6722	External Relations						
60	6723	Human Relations						
61	6724	Information Management						
62	6725	Legal						
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative						
66	6790	Provision for Uncollectible Notes Receivable						
67		<b>Totals</b>						

^ Subaccount of the account marked with a \*

**Total State Expense Matrix**

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	6110	Network Support Expense						
2	6112	Motor Vehicle Expense						
3	6113	Aircraft Expense						
4	6114	Special Purpose Vehicles Expense						
5	6115	Garage Work Equipment Expense						
6	6116	Other Work Equipment Expense						
7	6120	General Support Expense						
8	6121	Land and Building Expense						
9	6122	Furniture and Artworks Expense						
10	6123	Office Equipment Expense						
11	6124	General Purpose Computers Expense						
12	6210	Central Office Switching Expense						
13	6211	Analog Electronic Expense						
14	6212	Digital Electronic Expense						
15	6215	Electro-Mechanical Expense						
16	6220	Operator Systems Expense						
17	6230	Central Office Transmission Expense						
18	6231	Radio Systems Expense						
19	6232	Circuit Equipment Expense						
20	6310	Information Origination/Termination Expense						
21	6311	Station Apparatus Expense						
22	6341	Large Private Branch Exchange Expense						
23	6351	Public Telephone Terminal Equipment Exp.						
24	6362	Other Terminal Equipment Expense						
25	6410	Cable and Wire Facilities Expense						
26	6411	Poles Expense						
27	6421	Aerial Cable Expense						
28	6422	Underground Cable Expense						
29	6423	Buried Cable Expense						
30	6424	Submarine Cable Expense						
31	6425	Deep Sea Cable Expense						
32	6426	Intrabuilding Network Cable Expense						
33	6431	Aerial Wire Expense						
34		<b>Subtotals</b>						

^ Subaccount of the account marked with a \*

**Total 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	*	Marketing						
50	6610	Product Management						
51	6611	Sales						
52	6612	Product Advertising						
53	6613	Call Completion Services						
54	6621	Number Services						
55	6622	Customer Services						
56	6623	Executive						
57	6711	Planning						
58	6712	Accounting and Finance						
59	6721	External Relations						
60	6722	Human Relations						
61	6723	Information Management						
62	6724	Legal						
63	6725	Procurement						
64	6726	Research and Development						
65	6727	Other General and Administrative						
66	6728	Provision for Uncollectible Notes Receivable						
67	6790	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	<b>Change in Benefit Obligation</b>			
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	<b>Change in Plan Assets</b>			
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	<b>Funded Status</b>			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	<b>Weighted-average Assumptions as of Year End</b>			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	<b>Components of Net Periodic Benefit Costs</b>			
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	<b>Montana Intrastate Costs:</b>			
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	<b>Number of Company Employees:</b>			
47	Covered by the Plan			
48	Not Covered by the Plan			
49	Active			
50	Retired			
51	Deferred Vested Terminated			

**Other Post Employment Benefits (OPEBS)**

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



**Other Post Employment Benefits (OPEBS) Continued**

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

**Payments for Services to Persons Other Than Employees**

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
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25					
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29					
30					
31					
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33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	<b>Total</b>				

**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	3398405	78.18%	3769744	76.80%
3	Interstate, IntraLATA				
4	<b>Total Interstate Usage</b>	3398405	78.18%	3769744	76.80%
5	Intrastate, InterLATA				
6	Intrastate, IntraLATA	948572	21.82%	1139067	23.20%
7	<b>Total Intrastate Usage</b>	948572	21.82%	1139067	23.20%
8	<b>Total Toll Usage</b>	4346977	100.00%	4908811	100.00%
9	Centrex				
10	Local				
11	<b>Total Minutes</b>	4346977	100.00%	4908811	100.00%

**Central Office and Access Line Statistics**

**SCHEDULE 23**  
Page 1 of 1  
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	LINCOLN	DIGITAL	628			13		53	112	7		24		824
2														
3	CANYON CREEK	DIGITAL	147					3	3		1	4		158
4														
5														
6														
7														
8														
9														
10														
11														
12														
13														
14														
15														
16														
17														
18														
19														
20														
21														
22														
23														
24														
25														
26														
27														
28														
29														
30														
31														
32														
33	<b>Total</b>		775			13		56	115	7	1	28		982

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

**Central Office and Switch Information**

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	LINCOLN	HOST	DIGITAL	NORTHERN TELECOM	DMS 10	10,000	1985
2							
3	CANYON CREEK	REMOTE	DIGITAL	NORTHERN TELECOM	RSLM	1,296	1986
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
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44							
45							
46							
47							
48							

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

**Construction Budget - Montana**

Year: 2010

Line No.	Description (a)	(b)
1	<b>Central Office Assets:</b>	
2		
3	Switching	200000
4	DSL Platforms	100000
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	
29	<b>Total Central Office Budget (Total of Line 27 &amp; Line 28)</b>	
30	<b>Other Projects over \$500,000:</b>	
31		
32	Fiber Plant	100000
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	
43	<b>Total Construction Budget (Total of Lines 29, 41 &amp; 42)</b>	400000

### 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	47784	9430	406.72%
2	2210	Central Office Assets	171313	122190	40.20%
3	2220	Operator Systems			
4	2230	Central Office Transmission			
5	2310	Information/Termination Assets			
6	2410	Cable and Wire Facilities Assets	168003	111070	51.26%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
<b>9</b>		<b>Total Construction Expenditures</b>	<b>387100</b>	<b>242690</b>	<b>59.50%</b>

Montana Employee Counts

Year: 2010

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	MANAGER	1	1
2	ASSISTANT MANAGER	1	1
3	COMMERCIAL CLERK	2	2
4	COMBINATION TECHNICIAN	2	2
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
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29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43	Totals (Sum of Lines 1 through 42)	6	6



**Compensation of Top 10 Montana Based Employees**

Year: 2010

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

**Compensation of Top 5 Corporate Employees - SEC Information**

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

## Montana Composite Statistics

Year: 2010

Line No.	Account No.	Description (a)	Amount (b)
1		<b>Plant (Intrastate Only) (000 Omitted)</b>	
2	2001	Plant in Service	7298016
3	2003 - 2004	Construction Work in Progress	166270
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	44890
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-5044489
9	4360.2	Contributions in Aid of Construction	
10		<b>NET BOOK COSTS</b>	2464687
11		<b>Revenues &amp; Expenses (Intrastate Only) (000 Omitted)</b>	
12	5000 - 5300	Operating Revenues	1196578
13	6560	Depreciation & Amortization Expenses	287103
14		Federal & State Income Taxes	-42700
15		Other Taxes	25634
16		Other Operating Expenses	981890
17		TOTAL Operating Expenses	1251927
18		Net Operating Income	-55349
19		Other Income	100943
20		Other Deductions	
21		<b>NET INCOME</b>	45594
22		<b>Access Lines in Service (Intrastate Only)</b>	
23		Residential Access Lines	775
24		Business Access Lines	179
25		PBX Access Lines	
26		Other Access Lines	28
27		<b>Total Number of Access Lines</b>	982
28		<b>Average Number of Calls Per Access Line</b>	
29		Local Calls	
30		Toll Calls (Intra- or Interstate)	
31		<b>Total Number of Calls Per Access Line (Total of Line 29 &amp; Line 30)</b>	
32		<b>Other Statistics (Intrastate Only)</b>	
33		Average Residential Monthly Bill	
34		Gross Plant Investment per Access Line	

**Depreciation - Montana Intrastate Regulated**

Year: 2010

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	15.8%	4,096
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	15.8%	4,615
5	2121	Buildings	7.3%	6,852
6	2122	Furniture	7.6%	
7	2123.1	Office Support Equipment	7.6%	2,993
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	7.6%	2,609
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	7.6%	156,023
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems		
16	2232	Circuit DDS		
17	2232	Circuit Digital	7.6%	
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment	6.7%	
20	2362	Other Terminal Equipment		
21	2411	Poles	5.0%	
22	2421	Aerial Cable Metallic		
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic		
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	3.5%	165,211
27	2423	Buried Cable Nonmetallic	3.5%	
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic		
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire	5.0%	
33	2441	Conduit Systems		
34				
35		<b>COMPOSITE TOTAL</b>		342,399
36				
37	Have these rates been approved by the Commission? _____ YES _____ NO			
38				
39	If yes: _____ Docket Number _____ Order Number			
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				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35		<b>COMPOSITE TOTAL</b>		
36	<b>Please list the Montana Public Service Commission Docket Order No. approving these amortization rates</b>			
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)
<b>Commission Accepted - Most Recent</b>				
1	Docket Number _____			
2	Order Number _____			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	<b>Total</b>			
<b>Actual at Year End</b>				
10				
11				
12	Common Equity			
13	Preferred Stock			
14	Long Term Debt			
15	Other			
16	<b>Total</b>			

**Network Access - Charges and Revenues**

Year: 2010

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		76873
2			
3	Montana - Intrastate		
4			
5	Montana - Intrastate Regulated		76873
6			
7			
8			
9			
10			
11			
12			
13			

**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						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	<b>TOTAL</b>					

Company Name: Lincoln Telephone Company, Inc.

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**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						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	<b>TOTAL</b>					



**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	7,298,016	6,921,168	5.44%
3	2002 Prop. Held for Future Telecommunications Use	166,270	75,149	121.25%
4	3100-3200 (Less) Accumulated Depreciation	(5,044,489)	(4,711,590)	-7.07%
5	<b>Plant in Service</b>	<b>2,419,797</b>	<b>2,284,727</b>	<b>5.91%</b>
6				
7	<b>Additions</b>			
8	1220 Materials & Supplies	44,890	55,302	-18.83%
9	1280 Prepayments	84,774		
10	Other Additions			
11	<b>TOTAL Additions</b>	<b>129,664</b>	<b>55,302</b>	<b>134.47%</b>
12				
13	<b>Deductions</b>			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	308,800	276,641	11.62%
17	Customer Advances for Construction			
18	Other Deductions			
19	<b>TOTAL Deductions</b>	<b>308,800</b>	<b>276,641</b>	<b>11.62%</b>
20	<b>TOTAL Rate Base</b>	<b>2,240,661</b>	<b>2,063,388</b>	<b>8.59%</b>
21				
22	<b>Net Earnings</b>	<b>(55,349)</b>	<b>9,531</b>	<b>-680.73%</b>
23				
24	<b>Rate of Return on Average Rate Base</b>	<b>-2.470%</b>	<b>0.462%</b>	<b>-634.78%</b>
25				
26	<b>Rate of Return on Average Equity</b>			
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	<b>Adjusted Rate of Return on Average Rate Base</b>			
44				
45	<b>Adjusted Rate of Return on Average Equity</b>			

**Other Taxes Paid**

Year: 2010

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax		
2	Montana Public Service Commission Tax	642	689
3	Montana Consumer Counsel Tax	178	80
4	911 Emergency Telephone Fee	12357	11910
5	Montana Telecommunications Access Service (TDD)	1226	1182
6	Montana Corporate License Tax	15	15
7	Personal Property Tax	30830	31845
8	Real Property Tax		
9			
10			
11			
12	<b>Total</b>	45248	45721

**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	32255	34095
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	<b>Total</b>	32255	34095