

General Information

Year: 2010

1	Legal Name of Respondent:	RECEIVED BY PROJECT TELEPHONE COMPANY
2	Name Under Which Respondent Does Business:	2011 APR 15 A 10: 27
3	Date of Incorporation:	PUBLIC SERVICE COMMISSION 1978
4	Address to send Correspondence Concerning Report:	PROJECT TELEPHONE COMPANY PO BOX 600 SCOBAY, MT 59263
5	Person Responsible for This Report:	AIMEE DIETRICH
5a.	Telephone Number:	(406) 783-2200
Control Over Respondent		
1	If direct control over the respondent was held by another entity at the end of year provide the following:	
	1a. Name and address of the controlling organization or person:	
	NEMONT TELEPHONE COOPERATIVE, INC.	PO BOX 600 SCOBAY, MT 59263
	1b. Means by which control was held:	STOCK
	1c. Percent Ownership:	100%

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1		
2	ROY D NEUFELD	610
3	GARY KLIND	550
4	LARRY MAHLER	1206
5	MICHAEL MITCHELL	500
6	DUANE BROADBENT	3100
7	VERNON WHITEMAN	3700
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18	Chairman of the Board: ROY D NEUFELD	
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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		ROY D NEUFELD - LARSLAN, MT
2	VICE-PRESIDENT		GARY KLIND - HINSDALE, MT
3	SEC-TREASURER		LARRY MAHLER - SCOBEEY, MT
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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	169,422	683,402
3	1180	Telecommunications Accounts Receivable - Net	437,755	121,789
4	1190	Other Accounts Receivable - Net	1,364,462	798,118
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		2
7	1220	Materials and Supplies		
8	* 1280	Prepayments	74,645	14,903
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	74,645	14,903
14	1350	Other Current Assets		
15		Total Current Assets	2,046,284	1,618,214
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	27,810,194	25,573,815
18	1402	Investments in Nonaffiliated Companies	383,295	386,650
19	1406	Nonregulated Investments		
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges		
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	28,193,489	25,960,465
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	37,761,816	33,677,354
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	810,646	2,220,153
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		4,395,210
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(20,455,253)	(19,418,414)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		(4,395,210)
39		Net Property, Plant, & Equipment	18,117,209	16,479,093
40		TOTAL ASSETS	48,356,982	44,057,772

^ 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	524,856	287,383
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	160,000	169,859
45	4040	Customer Deposits	38,234	
46	4050	Current Maturities - Long Term Debt	615,749	581,769
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	3,940	1,924
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	233,813	204,656
54		Total Current Liabilities	1,576,592	1,245,591
55		LONG-TERM DEBT:		
56	4210	Funded Debt	3,078,327	3,701,899
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		
63		Total Long-Term Debt	3,078,327	3,701,899
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net	3,442	3,442
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	2,601,522	1,805,099
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	2,604,964	1,808,541
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	7,950	7,950
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital	67,738	71,117
78	4550	Retained Earnings	41,021,411	37,222,674
79		Total Stockholders' Equity	41,097,099	37,301,741
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	48,356,982	44,057,772

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	2,125,590	2,265,601
3	5080	Network Access Revenues	5,951,792	5,950,052
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	70,926	101,782
10	^ 5230	Directory Revenue	16,429	23,048
11	^ 5240	Rent Revenue	11,302	11,302
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	15,064	33,949
14	^ 5270	Carrier Billing and Collection Revenue	28,131	33,483
15	^ 5280	Nonregulated Revenue		
16	^ 5300	Uncollectible Revenue	92,021	74,744
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,056,287	8,242,691
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	41,825	46,592
20	6120	General Support Expense	515,761	502,032
21	6210	Central Office Switching Expense	396,666	372,797
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	574,071	437,424
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,797,010	1,534,287
26	^ 6431	Aerial Wire Expense	1,789,573	1,528,353
27	^ 6441	Conduit Systems Expense	7,437	5,934
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	545,526	509,431
30	6540	Access Expense	107,768	112,408
31	6560	Depreciation and Amortization Expense	1,469,555	1,722,509
32	6610	Marketing	58,734	45,863
33	6620	Services	361,968	337,573
34	6710	Executive and Planning	115,093	84,163
35	6720	General and Administrative	654,134	531,825
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,638,111	6,236,904
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	243,250	172,046
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,174,926	1,833,741
41	7300	Nonoperating Income and Expense	3,301,527	695,729
42	7400	Nonoperating Taxes		12,712
43	7500	Interest and Related Items	227,045	250,985
44	7600	Extraordinary Items	671	154,617
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	4,248,737	2,111,156

^ 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:		
2	5000	Basic Local Service Revenues	2,062,162	2,200,454
3	5080	Network Access Revenues	5,899,743	5,893,391
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	69,417	99,971
10	^ 5230	Directory Revenue	15,726	22,293
11	^ 5240	Rent Revenue	11,302	11,302
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	15,064	33,950
14	^ 5270	Carrier Billing and Collection Revenue	27,325	32,426
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	92,021	74,744
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	7,939,301	8,119,072
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	41,825	46,592
20	6120	General Support Expense	507,959	494,731
21	6210	Central Office Switching Expense	394,063	371,041
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	573,953	436,101
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,766,406	1,484,534
26	^ 6431	Aerial Wire Expense	1,758,969	1,478,600
27	^ 6441	Conduit Systems Expense	7,437	5,934
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	517,655	483,694
30	6540	Access Expense	101,568	106,196
31	6560	Depreciation and Amortization Expense	1,377,633	1,629,731
32	6610	Marketing	55,356	43,328
33	6620	Services	345,767	324,646
34	6710	Executive and Planning	108,471	79,511
35	6720	General and Administrative	616,502	502,432
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,407,158	6,002,537
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	237,350	164,397
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,294,793	1,952,138

^ 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	2,062,162	2,200,454
3	5080	Network Access Revenues	5,899,743	5,893,391
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	69,417	99,971
10	^ 5230	Directory Revenue	15,726	22,293
11	^ 5240	Rent Revenue	11,302	11,302
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	15,064	33,950
14	^ 5270	Carrier Billing and Collection Revenue	27,325	32,426
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	92,021	74,744
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	7,939,301	8,119,072
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	41,825	46,592
20	6120	General Support Expense	507,959	494,731
21	6210	Central Office Switching Expense	394,063	371,041
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	573,953	436,101
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,766,406	1,484,534
26	^ 6431	Aerial Wire Expense	1,758,969	1,478,600
27	^ 6441	Conduit Systems Expense	7,437	5,934
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	517,655	483,694
30	6540	Access Expense	101,568	106,196
31	6560	Depreciation and Amortization Expense	1,377,633	1,629,731
32	6610	Marketing	55,356	43,328
33	6620	Services	345,767	324,646
34	6710	Executive and Planning	108,471	79,511
35	6720	General and Administrative	616,502	502,432
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,407,158	6,002,537
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	237,350	164,397
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,294,793	1,952,138

^ 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	2,062,162	2,200,454
3	5080	Network Access Revenues	5,899,743	5,893,391
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	69,417	99,971
10	^ 5230	Directory Revenue	15,726	22,293
11	^ 5240	Rent Revenue	11,302	11,302
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	15,064	33,950
14	^ 5270	Carrier Billing and Collection Revenue	27,325	32,426
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	92,021	74,744
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	7,939,301	8,119,072
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	41,825	46,592
20	6120	General Support Expense	507,959	494,731
21	6210	Central Office Switching Expense	394,063	371,041
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	573,953	436,101
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,766,406	1,484,534
26	^ 6431	Aerial Wire Expense	1,758,969	1,478,600
27	^ 6441	Conduit Systems Expense	7,437	5,934
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	517,655	483,694
30	6540	Access Expense	101,568	106,196
31	6560	Depreciation and Amortization Expense	1,377,633	1,629,731
32	6610	Marketing	55,356	43,328
33	6620	Services	345,767	324,646
34	6710	Executive and Planning	108,471	79,511
35	6720	General and Administrative	616,502	502,432
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,407,158	6,002,537
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	237,350	164,397
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,294,793	1,952,138

^ 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	35542749	31468495
2	3100	Accumulated Depreciation	19611278	18654330
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	2801522	1805099
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)	13129949	11009066

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	35542749	31468495
2	3100	Accumulated Depreciation	19611278	18654330
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	2801522	1805099
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)	13129949	11009066

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	35542749	31468495
2	3100	Accumulated Depreciation	19611278	18654330
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	2801522	1805099
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)	13129949	11009066

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		
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	Information available in the 2010 audit reports.	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net		
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net		
11	Change in Materials, Supplies & Inventories - Net		
12	Change in Operating Payables & Accrued Liabilities - Net		
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net		
15	Other (explained on back of this page)		
16	Total Adjustments		
17	Net Cash Provided by/(Used in) Operating Activities		
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)		
25	Net Cash Provided by/(Used in) Investing Activities		
26	Cash Flows from Financing Activities:		
27	Net Incr./((Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid		
36	Other Financing Activities (explained on back of this page)		
37	Net Cash Provided by Financing Activities		
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		
40	Cash & Cash Equivalents at Beginning of Period		41097099
41	Cash & Cash Equivalents at End of Period		41097099

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. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	Nemont Communications									27810193	
2	AT&T				33450						
3	QWEST				46						
4	NCRPC				104						
5	NECA				241724						
6	Misc LD Carriers				103457						
7	RTFC										
8	Capital Credits										372181
9	NCRPC Stock										10000
10	Misc Memberships										1114
11	Lifeline-USAC				25627						
12											
13											
14											
15											
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22											
23											
24											
25											
26											
27											
28											
29											
30	Totals				404408					27810193	383295

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	4087015	341339	137075		4291278		4291278
2	^ 2111	Land	94882	35472			130353		130353
3	^ 2112	Motor Vehicles	875616	228735	137075		967276	579167	388109
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	156386	15620			172006	120531	51475
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	468599				468599	358420	110179
8	^ 2121	Buildings	2449328	38906			2488234	1089360	1398874
9	^ 2122	Furniture	7036				7036	2779	4257
10	^ 2123	Office Equipment	35168	22606			57774	16423	41351
11	^ 2124	General Purpose Computers							
12		2211 Analog Electronic Switching							
13		2212 Digital Electronic Switching	5541832		45780		5496052	5496053	-1
14		2215 Electro-Mechanical Switching							
15		2220 Operator Systems							
16		2231 Radio Systems	265638		61363		204275	68587	135688
17		2232 Circuit Equipment	5368991	1001551	154495		6216047	2665766	3550281
18	* 2310	Information Orig & Term Equip							
19	^ 2311	Station Apparatus							
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.							
23	^ 2362	Other Terminal Equipment							
24		2411 Poles	64376				64376	64376	
25	* 2420	Cable and Wire Facilities	15365690	3254120	124043		18495767	8913951	9581816
26	^ 2421	Aerial Cable	168550				168550	168550	
27	^ 2422	Underground Cable	158107				158107	115330	42777
28	^ 2423	Buried Cable	14998830	3254120	124043		18128907	8589868	9539039
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable	40203				40203	40203	
32		2431 Aerial Wire	3748				3748	3748	
33		2441 Conduit Systems	771206				771206	232117	539089
34		Totals	31468496	4597010	522756		35542749	19611278	15931471

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

Average Cost of Long Term Debt

Year: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	TELEPHONE PLANT RUS											
3												
4	NOTE NO											
5		2010	1957	50000	50000	50000						
6		2020	1958	175000	175000	175000						
7		2030	1958	55000	55000	55000						
8		2040	1959	25660	25660	25660						
9		2041	1959	12849	12849	12849						
10		2042	1959	10491	10491	10491						
11		12050	1974	1085000	1085000	1085000						
12		12060	1976	320000	320000	320000		6548		230		
13		12062	1976	85000	85000	85000		24208		431		
14		12071	1978	571000	571000	571000		102947		5003		
15		12080	1983	2170000	2170000	2170000		838394		44297		
16		12090	1983	3019000	3019000	3019000		1205853		63690		
17		12091	1983	1376000	1376000	1376000		576200		30419		
18		12092	1983	511000	511000	511000		321150		16478		
19												
20	INTEREST ON PREPAYMENTS							-12067				
21												
22	PREPAYMENTS-DR.									-585		
23												
24	TELE-PLANT RUS	1984		3202500	3202500	3202500		629880		52173		
25												
26												
27												
28												
29												
30	Total			12668500	12668500	12668500	100.00	3693113		212136		5.74%

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Cost of Preferred Stock				Year: 2010			
						Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)	
1													
2	NONE												
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
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:								
2									
3	N/A								
4									
5									
6									
7									
8	Month by Month Data:								
9	January								
10	February								
11	March								
12	April								
13	May								
14	June								
15	July								
16	August								
17	September								
18	October								
19	November								
20	December								
21									
22									
23									

Company Name: PROJECT TELEPHONE COMPANY

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

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	20933	12286	5232	209191	-205817	41825
2	^	6112 Motor Vehicle Expense	20933	12286		182576	-205817	9978
3	^	6113 Aircraft Expense						
4	^	6114 Special Purpose Vehicles Expense			5232	12655		17887
5	^	6115 Garage Work Equipment Expense						
6	^	6116 Other Work Equipment Expense				13960		13960
7	*	6120 General Support Expense	84981	49008	266757	115014		515760
8	^	6121 Land and Building Expense	63389	35191	206575	93596		398751
9	^	6122 Furniture and Artworks Expense			6456	2201		8657
10	^	6123 Office Equipment Expense			35198	3789		38987
11	^	6124 General Purpose Computers Expense	21592	13817	18528	15428		69365
12	*	6210 Central Office Switching Expense	184597	115535		96535		396667
13	^	6211 Analog Electronic Expense						
14	^	6212 Digital Electronic Expense	184597	115535		96535		396667
15	^	6215 Electro-Mechanical Expense						
16		6220 Operator Systems Expense						
17	*	6230 Central Office Transmission Expense	55107	36558	148861	333544		574070
18	^	6231 Radio Systems Expense	2698	1851	6949			11498
19	^	6232 Circuit Equipment Expense	52409	34707	141912	333544		562572
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	619325	381840	480541	315303		1797009
26	^	6411 Poles Expense				5942		5942
27	^	6421 Aerial Cable Expense	11024	7888		4948		23860
28	^	6422 Underground Cable Expense						
29	^	6423 Buried Cable Expense	608301	373952	480241	297276		1759770
30	^	6424 Submarine Cable Expense						
31	^	6425 Deep Sea Cable Expense						
32	^	6426 Intrabuilding Network Cable Expense						
33	^	6431 Aerial Wire Expense						
34		Subtotals	964,943	595,227	901,091	1,062,450	(205,817)	3317894

^ Subaccount of the account marked with a *.

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)
35	^ 6441	Conduit Systems Expense			300	7137		7437
36	6510	Other Property Expenses	24500	14269		2427	-41196	
37	* 6530	Network Operations Expense	240914	157971		206768	-60127	545526
38	^ 6531	Power Expense				92994		92994
39	^ 6532	Network Administration Expense	7268	4277		46768		58313
40	^ 6533	Testing Expense	7830	6525		825		15180
41	^ 6534	Plant Operations Expense	147725	97386		36666	-37758	244019
42	^ 6535	Engineering Expense	78091	49783		29515	-22369	135020
43	6540	Access Expense				107768		107768
44	6561	Depreciation - Telecomm. Plant in Service				1469555		1469555
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	27475	18445		12813		58733
50	^ 6611	Product Management						
51	^ 6612	Sales	6100	4258		7987		18345
52	^ 6613	Product Advertising	21375	14187		4826		40388
53	6621	Call Completion Services				257		257
54	6622	Number Services	1738	1256		954		3948
55	6623	Customer Services	120893	82971		153900		357764
56	6711	Executive	31955	19032		64105		115092
57	6712	Planning						
58	6721	Accounting and Finance	111493	77932		110177		299602
59	6722	External Relations	24914	18083		59006		102003
60	6723	Human Relations	2414	1684		6100		10198
61	6724	Information Management						
62	6725	Legal				18912		18912
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative	87398	56430		79594		223422
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	1,638,637	1,043,300	901,391	3,361,923	(307,140)	6638111

^ Subaccount of the account marked with a *.

Total State 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	20933	12286	5232	209191	-205817	41825
2	^ 6112	Motor Vehicle Expense	20933	12286		182576	-205817	9978
3	^ 6113	Aircraft Expense						
4	^ 6114	Special Purpose Vehicles Expense			5232	12655		17887
5	^ 6115	Garage Work Equipment Expense						
6	^ 6116	Other Work Equipment Expense				13960		13960
7	* 6120	General Support Expense	84981	49008	265957	108014		507960
8	^ 6121	Land and Building Expense	63389	35191	205775	93327		397682
9	^ 6122	Furniture and Artworks Expense			6456	1703		8159
10	^ 6123	Office Equipment Expense			35198	1546		36744
11	^ 6124	General Purpose Computers Expense	21592	13817	18528	11438		65375
12	* 6210	Central Office Switching Expense	183224	114664		96175		394063
13	^ 6211	Analog Electronic Expense						
14	^ 6212	Digital Electronic Expense	183224	114664		96175		394063
15	^ 6215	Electro-Mechanical Expense						
16	6220	Operator Systems Expense						
17	* 6230	Central Office Transmission Expense	55043	36522	141912	340477		573954
18	^ 6231	Radio Systems Expense	2698	1851		6949		11498
19	^ 6232	Circuit Equipment Expense	52345	34671	141912	333528		562456
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	602328	372659	480541	310878		1766406
26	^ 6411	Poles Expense				5942		5942
27	^ 6421	Aerial Cable Expense	11024	7888		4948		23860
28	^ 6422	Underground Cable Expense						
29	^ 6423	Buried Cable Expense	591304	364771	480241	292851		1729167
30	^ 6424	Submarine Cable Expense						
31	^ 6425	Deep Sea Cable Expense						
32	^ 6426	Intrabuilding Network Cable Expense						
33	^ 6431	Aerial Wire Expense						
34		Subtotals	946,509	585,139	893,342	1,057,598	(205,817)	3276771

^ Subaccount of the account marked with a *.

Total State 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)
35	^ 6441	Conduit Systems Expense			300	7137		7437
36	6510	Other Property Expenses	24500	14270		2426	-41196	
37	* 6530	Network Operations Expense	240914	157971	825	178071	-60127	517654
38	^ 6531	Power Expense				86929		86929
39	^ 6532	Network Administration Expense	7268	4277		46768		58313
40	^ 6533	Testing Expense	7830	6525	825			15180
41	^ 6534	Plant Operations Expense	147725	97386		22627	-37758	229980
42	^ 6535	Engineering Expense	78091	49783		21747	-22369	127252
43	6540	Access Expense				101568		101568
44	6561	Depreciation - Telecomm. Plant in Service				1377633		1377633
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	27475	18445		9435		55355
50	^ 6611	Product Management						
51	^ 6612	Sales	6100	4258		6932		17290
52	^ 6613	Product Advertising	21375	14187		2503		38065
53	6621	Call Completion Services				242		242
54	6622	Number Services	1738	1256		727		3721
55	6623	Customer Services	120893	82971		137941		341805
56	6711	Executive	31955	19032		57484		108471
57	6712	Planning						
58	6721	Accounting and Finance	111493	77932		92941		282366
59	6722	External Relations	24914	18083		53138		96135
60	6723	Human Relations	2414	1684		5514		9612
61	6724	Information Management						
62	6725	Legal				17824		17824
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative	87398	56430		66736		210564
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	1,620,203	1,033,213	894,467	3,166,415	(307,140)	6407158

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2010

1	Plan Name NTCA SAVINGS PLAN			
2	Defined Benefit Plan? _____	Defined Contribution Plan? _____		
3	Actuarial Cost Method? _____	IRS Code: _____		
4	Annual Contribution by Employer: 12% OF W-2 WAGES_	Is the Plan Over Funded? _____		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	N/A		#VALUE!
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	2740420	2456084	-10.38%
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution	159665	154728	-3.09%
21	Plan participants' contributions	118504	129608	9.37%
22	Benefits paid			
23	Fair value of plan assets at end of year	3018589	2740420	-9.22%
24	Funded Status	3018589	2740420	-9.22%
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	3018589	2740420	-9.22%
28				
29	Weighted-average Assumptions as of Year End	N/A		
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs	N/A		
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:	N/A		
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:			
47	Covered by the Plan	23	22	-4.35%
48	Not Covered by the Plan	1	3	200.00%
49	Active	22	22	
50	Retired			
51	Deferred Vested Terminated			

Other Post Employment Benefits (OPEBS)

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

Other Post Employment Benefits (OPEBS) Continued

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

Payments for Services to Persons Other Than Employees

Year: 2010

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	NISC	DATA SERVICES	197879	197879	197879
2	MTS	LEGAL SERVICES	36117	36117	36117
3	ASSOC LEGAL GROUP	LEGAL SERVICES	939	939	939
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total		234935	234935	234935

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	5855226	79.08%	6614491	79.01%
3	Interstate, IntraLATA	62988	0.85%	82709	0.99%
4	Total Interstate Usage	5918214	79.94%	6697200	80.00%
5	Intrastate, InterLATA	967665	13.07%	1099493	13.13%
6	Intrastate, IntraLATA	517864	6.99%	575227	6.87%
7	Total Intrastate Usage	1485529	20.06%	1674720	20.00%
8	Total Toll Usage	7403743	100.00%	8371920	100.00%
9	Centrex				
10	Local				
11	Total Minutes	7403743	100.00%	8371920	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	ABSAROCKE	UD/DIG	1127		603	8		261				19		2010
2	BELFRY	UD/DIG	175		81	4		48				5		309
3	CLARK	RSU	238		135	1		56				1		430
4	CROW AGENCY	UD/DIG	360		115	174		531				9		1015
5	FORT SMITH	RSU	202		69	27		89				2		362
6	HUNTLEY	RSU	341		115	7		75				3		534
7	LODGE GRASS	RSU	367		71	152		71				2		511
8	POMPEYS PILLAR	RSU	57		34			23				2		116
9	SOUTH WYOLA	RSU	2					1						3
10	WORDEN	UD/DIG	545		233	15		186				19		983
11	WYOLA	RSU	94		19	40		23				1		137
12														
13														
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31														
32														
33	Total		3508		1475	428		1364				63		6410

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	ABSAROKEE	HOST	DIGITAL	NTI	DMS10-SS	2,155	1985
2	BELFRY	HOST	DIGITAL	NTI	DMS10-SS	403	1985
3	CLARK	REMOTE	DIGITAL	NTI	RSLE	354	1996
4	CROW AGENCY	HOST	DIGITAL	NTI	DMS10-SS	1,054	1994
5	FORT SMITH	REMOTE	DIGITAL	NTI	RSLE	395	1994
6	HUNTLEY	REMOTE	DIGITAL	NTI	RSLE	598	1996
7	LODGE GRASS	REMOTE	DIGITAL	NTI	RSLE	669	1994
8	WORDEN	HOST	DIGITAL	NTI	DMS10-SS	1,524	1985
9	WYOLA	REMOTE	DIGITAL	NTI	RSLE	171	1994
10	NYE	REMOTE	DIGITAL	NTI	RSLE	355	1985
11	BEEHIVE	REMOTE	DIGITAL	NTI	RSLE	152	1985
12	ROSCOE	REMOTE	DIGITAL	NTI	RSLE	252	1996
13	DEAN	REMOTE	DIGITAL	NTI	RSLE	160	1996
14							
15							
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NOTE: Additional blank schedules are being provided for your convenience.

Construction Budget - Montana

Year: 2011

Line No.	Description (a)	2011 (b)
1	Central Office Assets:	
2		
3	COE	250000
4	CIRCUITS	400000
5	CIRCUITS FO	400000
6	GENERAL WORK ORDERS	300000
7		
8		
9		
10		
11		
12		
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25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	1350000
29	Total Central Office Budget (Total of Line 27 & Line 28)	1350000
30	Other Projects over \$500,000:	
31		
32	ABSAROCKE FTTN PHASE 3 OF 3	1635000
33	BELFRY ROAD MOVE PHASE 2 OF 2	274800
34	BURIED CABLE FO	709800
35	BURIED CABLE	750000
36	GENERAL WORK ORDERS	300000
37		
38		
39		
40		
41	Total Other Projects over \$500,000	3094800
42	Miscellaneous projects not over \$500,000	574800
43	Total Construction Budget (Total of Lines 29, 41 & 42)	5019600

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	309800	339664	-8.79%
2	2210	Central Office Assets		78794	-100.00%
3	2220	Operator Systems			
4	2230	Central Office Transmission	1052897	674213	56.17%
5	2310	Information/Termination Assets			
6	2410	Cable and Wire Facilities Assets	3254120	601850	440.69%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		Total Construction Expenditures	4616817	1694521	172.46%

Montana Employee Counts

Year: 2010

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	CENTRAL OFFICE TECH	3	3
2	CONBINATION TECH	8	8
3	CONSTRUCTION TECH	3	3
4	CUSTODIAN	3	2
5	CUSTOMER SERVICE REP	4	4
6	RIGHT OF WAY CLERK	1	1
7	PLANT SUPERVISOR	1	1
8	ENGINEER	1	1
9	MARKETING/PR SPECIALIST	1	
10			
11			
12			
13			
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42			
43	Totals (Sum of Lines 1 through 42)	25	23

Montana Composite Statistics

Year: 2010

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	35542749
3	2003 - 2004	Construction Work in Progress	810646
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-19611278
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	16742117
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	7939301
13	6560	Depreciation & Amortization Expenses	1377633
14		Federal & State Income Taxes	-832336
15		Other Taxes	1069686
16		Other Operating Expenses	5029525
17		TOTAL Operating Expenses	6644508
18		Net Operating Income	1294793
19		Other Income	3111562
20		Other Deductions	214654
21		NET INCOME	4191701
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	3268
24		Business Access Lines	1307
25		PBX Access Lines	
26		Other Access Lines	63
27		Total Number of Access Lines	4638
28		Average Number of Calls Per Access Line	
29		Local Calls	3497140
30		Toll Calls (Intra- or Interstate)	4317457
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)	7814597 1685
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	45
34		Gross Plant Investment per Access Line	7663

Depreciation - Montana Intrastate Regulated

Year: 2010

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	25.0%	209,357
2	2114	Special Purpose Vehicles	8.0%	14,263
3	2115	Garage Work Equipment	8.0%	
4	2116	Other work Equipment	8.0%	93,722
5	2121	Buildings	3.1%	76,625
6	2122	Furniture	7.5%	528
7	2123.1	Office Support Equipment	7.5%	2,708
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers		
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	8.2%	10,047
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	8.2%	25,471
16	2232	Circuit DDS	6.5%	356,446
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles		
22	2421	Aerial Cable Metallic	9.2%	
23	2421	Aerial Cable Nonmetallic	9.2%	
24	2422	Underground Cable Metallic	9.2%	8,775
25	2422	Underground Cable Nonmetallic	9.2%	5,730
26	2423	Buried Cable Metallic	3.3%	427,462
27	2423	Buried Cable Nonmetallic	4.0%	118,963
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	3.3%	
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire		
33	2441	Conduit Systems	4.0%	30,845
34				
35		COMPOSITE TOTAL		1,380,942
36	<p>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</p> <p>Docket Number _____ 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		NONE		
3				
4				
5				
6				
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34				
35		COMPOSITE TOTAL		
36	Please list the Montana Public Service Commission Docket Order No. approving these amortization rates			
37				
38				
39	Docket Number _____ Order Number _____			
40				

Depreciation - Montana Intrastate Regulated

Year: 2010

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	25.0%	209,357
2	2114	Special Purpose Vehicles	8.0%	14,263
3	2115	Garage Work Equipment	8.0%	
4	2116	Other work Equipment	8.0%	93,722
5	2121	Buildings	3.1%	75,881
6	2122	Furniture	7.5%	528
7	2123.1	Office Support Equipment	7.5%	2,708
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers		
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	8.2%	10,047
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	8.2%	25,471
16	2232	Circuit DDS	6.5%	353,881
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles		
22	2421	Aerial Cable Metallic	9.2%	
23	2421	Aerial Cable Nonmetallic	9.2%	
24	2422	Underground Cable Metallic	9.2%	8,775
25	2422	Underground Cable Nonmetallic	9.2%	5,730
26	2423	Buried Cable Metallic	3.3%	427,462
27	2423	Buried Cable Nonmetallic	4.0%	118,963
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	3.3%	
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire		
33	2441	Conduit Systems	4.0%	30,845
34				
35		COMPOSITE TOTAL		1,377,633
36	<p>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</p> <p>Docket Number _____ Order Number _____</p>			
37				
38				
39				
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 _____			
2	Order Number _____			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
Actual at Year End				
10				
11				
12	Common Equity	93.00%	10.200%	9.486%
13	Preferred Stock			
14	Long Term Debt	7.00%	7.490%	0.524%
15	Other			
16	Total	100.00%		10.010%

Network Access - Charges and Revenues

Year: 2010

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		2967979
2			
3	Montana - Intrastate		2967979
4			
5	Montana - Intrastate Regulated		2967979
6			
7			
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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	NEMONT COMMUNICATIONS	COMPUTER LEASES	LEASE AGREEMENT	18,528	0.1%	
2						
3	NEMONT TELEPHONE COOP	MANAGEMENT LEASE	LEASE AGREEMENT	775,603	4.2%	
4						
5	NEMONT COMMUNICATIONS	BUILDING LEASE	LEASE AGREEMENT	183,480	1.4%	
6						
7	NEMONT COMMUNICATIONS	OTHER OFFICE & COMM EQ	LEASE AGREEMENT	46,800	0.4%	
8						
9	NEMONT COMMUNICATIONS	FIBER LEASE	LEASE AGREEMENT	614,004	4.8%	
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29						
30	TOTAL			\$1,638,415		

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	NEMONT COMMUNICATIONS	WAGES & LABOR	COST	142,919	1.1%	
2						
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29						
30	TOTAL			\$142,919		

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	36,353,395	38,065,764	-4.50%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(19,611,278)	(23,031,446)	14.85%
5	Plant in Service	16,742,117	15,034,318	11.36%
6				
7	Additions			
8	1220 Materials & Supplies			
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions			
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes	3,442	3,442	
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	2,801,522	1,805,099	55.20%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	2,804,964	1,808,541	55.10%
20	TOTAL Rate Base	13,937,153	13,225,777	5.38%
21				
22	Net Earnings	4,191,701	2,308,656	81.56%
23				
24	Rate of Return on Average Rate Base	30.070%	17.500%	71.83%
25				
26	Rate of Return on Average Equity	11.180%	6.140%	82.08%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
31				
32				
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41				
42				
43	Adjusted Rate of Return on Average Rate Base			
44				
45	Adjusted Rate of Return on Average Equity			

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	7683	8976
3	Montana Consumer Counsel Tax	2099	1473
4	911 Emergency Telephone Fee	78813	74353
5	Montana Telecommunications Access Service (TDD)	7886	7453
6	Montana Corporate License Tax	15	15
7	Personal Property Tax		
8	Real Property Tax	209328	259607
9			
10			
11			
12	Total	305824	351877

SCHEDULE 37

Universal Service Funds Received

Year: 2010

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	1423644	1312896
14	Funds received from Federal Sources	95449	117000
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	1519093	1429896

Nemont Telephone
Cooperative, Inc.

Missouri Valley
Communications, Inc.

Project Telephone Company

Nemont Communications, Inc.

Sagebrush Cellular, Inc.

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