

General Information

Year: 2011

| | | |
|-------------------------|--|---|
| 1 | Legal Name of Respondent: | PROJECT TELEPHONE COMPANY |
| 2 | Name Under Which Respondent Does Business: | |
| 3 | Date of Incorporation: | 1978 |
| 4 | Address to send Correspondence Concerning Report: | PROJECT TELEPHONE COMPANY PO BOX 600 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 | ROY D NEUFELD | 460 |
| 2 | GARY KLIND | 684 |
| 3 | LARRY MAHLER | 598 |
| 4 | MICHAEL MITCHELL | 560 |
| 5 | DUANE BROADBENT | 3100 |
| 6 | VERNON WHITEMAN | 2900 |
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| 18 | Chairman of the Board: ROY D NEUFELD | |
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PUBLIC SERVICE
COMMISSION

Officers

Year: 2011

| Line No. | Title of Officer (a) | Department Over Which Jurisdiction is Exercised (b) | Name and Address of Person Holding Office at Year End (c) |
|----------|-------------------------|--|--|
| 1 | PRESIDENT | | ROY D NEUFELD - LARSLAN, MT |
| 2 | VICE-PRESIDENT | | GARY KLIND - HINSDALE, MT |
| 3 | SEC-TREASURER | | LARRY MAHLER - SCOBAY, MT |
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Total Company Balance Sheet

Year: 2011

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|---|-------------------|-------------------|
| 41 | | CURRENT LIABILITIES: | | |
| 42 | 4010 | Accounts Payable | 2,259,960 | 524,856 |
| 43 | 4020 | Notes Payable | | |
| 44 | 4030 | Advance Billing and Payments | 144,500 | 160,000 |
| 45 | 4040 | Customer Deposits | 47,334 | 38,234 |
| 46 | 4050 | Current Maturities - Long Term Debt | 644,352 | 615,749 |
| 47 | 4060 | Current Maturities - Capital Leases | | |
| 48 | 4070 | Income Taxes - Accrued | | |
| 49 | 4080 | Other Taxes - Accrued | 5,045 | 3,940 |
| 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 | 245,081 | 233,813 |
| 54 | | Total Current Liabilities | 3,346,272 | 1,576,592 |
| 55 | | LONG-TERM DEBT: | | |
| 56 | 4210 | Funded Debt | 2,433,378 | 3,078,327 |
| 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 | 2,433,378 | 3,078,327 |
| 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 | | |
| 69 | 4350 | Net Noncurrent Deferred Nonoper. Income Taxes | 2,978,221 | 2,601,522 |
| 70 | 4360 | Other Deferred Credits | | |
| 71 | 4370 | Other Jurisdictional Liab. and Def. Credits | | |
| 72 | | Total Other Liabilities and Deferred Credits | 2,981,663 | 2,604,964 |
| 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 | 63,527 | 67,738 |
| 78 | 4550 | Retained Earnings | 43,941,058 | 41,021,411 |
| 79 | | Total Stockholders' Equity | 44,012,535 | 41,097,099 |
| 80 | | TOTAL LIAB. AND STOCKHOLDERS' EQUITY | 52,773,848 | 48,356,982 |

Total Company Income Statement

Year: 2011

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|--|------------------|------------------|
| 1 | | REVENUES: | | |
| 2 | 5000 | Basic Local Service Revenues | 2,057,027 | 2,125,590 |
| 3 | 5080 | Network Access Revenues | 5,833,103 | 5,951,792 |
| 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 | 59,325 | 70,926 |
| 10 | ^ 5230 | Directory Revenue | 14,056 | 16,429 |
| 11 | ^ 5240 | Rent Revenue | 11,302 | 11,302 |
| 12 | ^ 5250 | Corporate Operations Revenue | | |
| 13 | ^ 5260 | Miscellaneous Revenue | 6,173 | 15,064 |
| 14 | ^ 5270 | Carrier Billing and Collection Revenue | 27,794 | 28,131 |
| 15 | ^ 5280 | Nonregulated Revenue | | |
| 16 | 5300 | Uncollectible Revenue | 23,907 | 92,021 |
| 17 | | Total Revenues (L.2+L.3+L.4+L.9-L.16) | 7,925,548 | 8,056,287 |
| 18 | | OPERATING EXPENSES: | | |
| 19 | 6110 | Network Support Expense | 62,148 | 41,825 |
| 20 | 6120 | General Support Expense | 509,160 | 515,761 |
| 21 | 6210 | Central Office Switching Expense | 447,794 | 396,666 |
| 22 | 6220 | Operator Systems Expense | | |
| 23 | 6230 | Central Office Transmission Expense | 554,218 | 574,071 |
| 24 | 6310 | Information Origination/Termination Expense | | |
| 25 | * 6410 | Cable and Wire Facilities Expense | 1,693,798 | 1,797,010 |
| 26 | ^ 6431 | Aerial Wire Expense | 1,683,471 | 1,789,573 |
| 27 | ^ 6441 | Conduit Systems Expense | 10,327 | 7,437 |
| 28 | 6510 | Other Property, Plant & Equipment Expense | 9,105 | |
| 29 | 6530 | Network Operations Expense | 565,854 | 545,526 |
| 30 | 6540 | Access Expense | 136,920 | 107,768 |
| 31 | 6560 | Depreciation and Amortization Expense | 1,601,820 | 1,469,555 |
| 32 | 6610 | Marketing | 54,627 | 58,734 |
| 33 | 6620 | Services | 340,864 | 361,968 |
| 34 | 6710 | Executive and Planning | 93,695 | 115,093 |
| 35 | 6720 | General and Administrative | 607,074 | 654,134 |
| 36 | 6790 | Provision for Uncollectible Notes Receivable | | |
| 37 | | Total Operating Expenses (Sum L.19 to L.36-L.26-L.27) | 6,677,077 | 6,638,111 |
| 38 | 7100 | Other Operating Income and Expense | | |
| 39 | 7200 | Operating Taxes | 617,373 | 243,250 |
| 40 | | Net Operating Income (L.17-L.37+L.38-L.39) | 631,098 | 1,174,926 |
| 41 | 7300 | Nonoperating Income and Expense | 2,891,198 | 3,301,527 |
| 42 | 7400 | Nonoperating Taxes | (3,073) | |
| 43 | 7500 | Interest and Related Items | 182,462 | 227,045 |
| 44 | 7600 | Extraordinary Items | (1,740) | 671 |
| 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) | 3,344,647 | 4,248,737 |

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2011

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|--|------------------|------------------|
| 1 | | REVENUES: | | |
| 2 | 5000 | Basic Local Service Revenues | 1,995,868 | 2,062,162 |
| 3 | 5080 | Network Access Revenues | 5,773,648 | 5,899,743 |
| 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 | 58,023 | 69,417 |
| 10 | ^ 5230 | Directory Revenue | 13,601 | 15,726 |
| 11 | ^ 5240 | Rent Revenue | 11,302 | 11,302 |
| 12 | ^ 5250 | Corporate Operations Revenue | | |
| 13 | ^ 5260 | Miscellaneous Revenue | 6,123 | 15,064 |
| 14 | ^ 5270 | Carrier Billing and Collection Revenue | 26,997 | 27,325 |
| 15 | ^ 5280 | Nonregulated Revenue | | |
| 16 | 5300 | Uncollectible Revenue | 23,907 | 92,021 |
| 17 | | Total Revenues (L.2+L.3+L.4+L.9-L.16) | 7,803,632 | 7,939,301 |
| 18 | | OPERATING EXPENSES: | | |
| 19 | 6110 | Network Support Expense | 62,148 | 41,825 |
| 20 | 6120 | General Support Expense | 502,041 | 507,959 |
| 21 | 6210 | Central Office Switching Expense | 446,409 | 394,063 |
| 22 | 6220 | Operator Systems Expense | | |
| 23 | 6230 | Central Office Transmission Expense | 551,219 | 573,953 |
| 24 | 6310 | Information Origination/Termination Expense | | |
| 25 | * 6410 | Cable and Wire Facilities Expense | 1,663,727 | 1,766,406 |
| 26 | ^ 6431 | Aerial Wire Expense | 1,653,400 | 1,758,969 |
| 27 | ^ 6441 | Conduit Systems Expense | 10,327 | 7,437 |
| 28 | 6510 | Other Property, Plant & Equipment Expense | 9,105 | |
| 29 | 6530 | Network Operations Expense | 536,248 | 517,655 |
| 30 | 6540 | Access Expense | 129,085 | 101,568 |
| 31 | 6560 | Depreciation and Amortization Expense | 1,514,847 | 1,377,633 |
| 32 | 6610 | Marketing | 51,500 | 55,356 |
| 33 | 6620 | Services | 325,982 | 345,767 |
| 34 | 6710 | Executive and Planning | 88,334 | 108,471 |
| 35 | 6720 | General and Administrative | 572,335 | 616,502 |
| 36 | 6790 | Provision for Uncollectible Notes Receivable | | |
| 37 | | Total Operating Expenses (Sum L.19 to L.36-L.26-L.27) | 6,452,980 | 6,407,158 |
| 38 | 7100 | Other Operating Income and Expense | | |
| 39 | 7200 | Operating Taxes | 611,794 | 237,350 |
| 40 | | Net Operating Income (L.17-L.37+L.38-L.39) | 738,858 | 1,294,793 |

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2011

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|--|------------------|------------------|
| 1 | | REVENUES: | | |
| 2 | 5000 | Basic Local Service Revenues | 1,995,868 | 2,062,162 |
| 3 | 5080 | Network Access Revenues | 5,773,648 | 5,899,743 |
| 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 | 58,023 | 69,417 |
| 10 | ^ 5230 | Directory Revenue | 13,601 | 15,726 |
| 11 | ^ 5240 | Rent Revenue | 11,302 | 11,302 |
| 12 | ^ 5250 | Corporate Operations Revenue | | |
| 13 | ^ 5260 | Miscellaneous Revenue | 6,123 | 15,064 |
| 14 | ^ 5270 | Carrier Billing and Collection Revenue | 26,997 | 27,325 |
| 15 | ^ 5280 | Nonregulated Revenue | | |
| 16 | 5300 | Uncollectible Revenue | 23,907 | 92,021 |
| 17 | | Total Revenues (L.2+L.3+L.4+L.9-L.16) | 7,803,632 | 7,939,301 |
| 18 | | OPERATING EXPENSES: | | |
| 19 | 6110 | Network Support Expense | 62,148 | 41,825 |
| 20 | 6120 | General Support Expense | 502,041 | 507,959 |
| 21 | 6210 | Central Office Switching Expense | 446,409 | 394,063 |
| 22 | 6220 | Operator Systems Expense | | |
| 23 | 6230 | Central Office Transmission Expense | 551,219 | 573,953 |
| 24 | 6310 | Information Origination/Termination Expense | | |
| 25 | * 6410 | Cable and Wire Facilities Expense | 1,663,727 | 1,766,406 |
| 26 | ^ 6431 | Aerial Wire Expense | 1,653,400 | 1,758,969 |
| 27 | ^ 6441 | Conduit Systems Expense | 10,327 | 7,437 |
| 28 | 6510 | Other Property, Plant & Equipment Expense | 9,105 | |
| 29 | 6530 | Network Operations Expense | 536,248 | 517,655 |
| 30 | 6540 | Access Expense | 129,085 | 101,568 |
| 31 | 6560 | Depreciation and Amortization Expense | 1,514,847 | 1,377,633 |
| 32 | 6610 | Marketing | 51,500 | 55,356 |
| 33 | 6620 | Services | 325,982 | 345,767 |
| 34 | 6710 | Executive and Planning | 88,334 | 108,471 |
| 35 | 6720 | General and Administrative | 572,335 | 616,502 |
| 36 | 6790 | Provision for Uncollectible Notes Receivable | | |
| 37 | | Total Operating Expenses (Sum L.19 to L.36-L.26-L.27) | 6,452,980 | 6,407,158 |
| 38 | 7100 | Other Operating Income and Expense | | |
| 39 | 7200 | Operating Taxes | 611,794 | 237,350 |
| 40 | | Net Operating Income (L.17-L.37+L.38-L.39) | 738,858 | 1,294,793 |

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2011

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|--|------------------|------------------|
| 1 | | REVENUES: | | |
| 2 | 5000 | Basic Local Service Revenues | 1,995,868 | 2,062,162 |
| 3 | 5080 | Network Access Revenues | 5,773,648 | 5,899,743 |
| 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 | 58,023 | 69,417 |
| 10 | ^ 5230 | Directory Revenue | 13,601 | 15,726 |
| 11 | ^ 5240 | Rent Revenue | 11,302 | 11,302 |
| 12 | ^ 5250 | Corporate Operations Revenue | | |
| 13 | ^ 5260 | Miscellaneous Revenue | 6,123 | 15,064 |
| 14 | ^ 5270 | Carrier Billing and Collection Revenue | 26,997 | 27,325 |
| 15 | ^ 5280 | Nonregulated Revenue | | |
| 16 | 5300 | Uncollectible Revenue | 23,907 | 92,021 |
| 17 | | Total Revenues (L.2+L.3+L.4+L.9-L.16) | 7,803,632 | 7,939,301 |
| 18 | | OPERATING EXPENSES: | | |
| 19 | 6110 | Network Support Expense | 62,148 | 41,825 |
| 20 | 6120 | General Support Expense | 502,041 | 507,959 |
| 21 | 6210 | Central Office Switching Expense | 446,409 | 394,063 |
| 22 | 6220 | Operator Systems Expense | | |
| 23 | 6230 | Central Office Transmission Expense | 551,219 | 573,953 |
| 24 | 6310 | Information Origination/Termination Expense | | |
| 25 | * 6410 | Cable and Wire Facilities Expense | 1,663,727 | 1,766,406 |
| 26 | ^ 6431 | Aerial Wire Expense | 1,653,400 | 1,758,969 |
| 27 | ^ 6441 | Conduit Systems Expense | 10,327 | 7,437 |
| 28 | 6510 | Other Property, Plant & Equipment Expense | 9,105 | |
| 29 | 6530 | Network Operations Expense | 536,248 | 517,655 |
| 30 | 6540 | Access Expense | 129,085 | 101,568 |
| 31 | 6560 | Depreciation and Amortization Expense | 1,514,847 | 1,377,633 |
| 32 | 6610 | Marketing | 51,500 | 55,356 |
| 33 | 6620 | Services | 325,982 | 345,767 |
| 34 | 6710 | Executive and Planning | 88,334 | 108,471 |
| 35 | 6720 | General and Administrative | 572,335 | 616,502 |
| 36 | 6790 | Provision for Uncollectible Notes Receivable | | |
| 37 | | Total Operating Expenses (Sum L.19 to L.36-L.26-L.27) | 6,452,980 | 6,407,158 |
| 38 | 7100 | Other Operating Income and Expense | | |
| 39 | 7200 | Operating Taxes | 611,794 | 237,350 |
| 40 | | Net Operating Income (L.17-L.37+L.38-L.39) | 738,858 | 1,294,793 |

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2011

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|--|---------------|---------------|
| 1 | 2001 | Telecommunications Plant in Service | 36345796 | 35542749 |
| 2 | 3100 | Accumulated Depreciation | 20657721 | 19611278 |
| 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 | 2801522 |
| 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) | 12886553 | 13129949 |

Average Rate Base - Intrastate

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|--|---------------|---------------|
| 1 | 2001 | Telecommunications Plant in Service | 36345796 | 35542749 |
| 2 | 3100 | Accumulated Depreciation | 20657721 | 19611278 |
| 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 | 2801522 |
| 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) | 12886553 | 13129949 |

Average Rate Base - Regulated Intrastate

| Line No. | Acct. No. (a) | Description (b) | This Year (c) | Last Year (d) |
|----------|---------------|--|---------------|---------------|
| 1 | 2001 | Telecommunications Plant in Service | 36345796 | 35542749 |
| 2 | 3100 | Accumulated Depreciation | 20657721 | 19611278 |
| 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 | 2801522 |
| 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) | 12886553 | 13129949 |

Statement of Cash Flows

Year: 2011

| 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 2011 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 | | |
| 41 | Cash & Cash Equivalents at End of Period | | |

Company Name: **PROJECT TELEPHONE COMPANY**

SCHEDULE 10

Receivables and Investments-Affiliated & Nonaffiliated Companies

for: 2011

| Line No. | Name of Affiliate or Company (a) | Account 1160 Temporary Investments (b) | Account 1180 Telecom. Accounts Receivable (c) | Account 1181 Accs. 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 | Nemont Communications | | | | 28389 | | | | | 29613468 | |
| 2 | AT&T | | | | 37 | | | | | | |
| 3 | QWEST | | | | 203 | | | | | | |
| 4 | NCRPC | | | | 289068 | | | | | | |
| 5 | NECA | | | | 114895 | | | | | | |
| 6 | Misc LD Carriers | | | | | | | | | | |
| 7 | Capital Credits | | | | | | | | | | 382109 |
| 8 | NCRPC Stock | | | | | | | | | | 10000 |
| 9 | Misc Memberships | | | | | | | | | | 1114 |
| 10 | Lifeline-USAC | | | | 24596 | | | | | | |
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| 24 | | | | | | | | | | | |
| 25 | | | | | | | | | | | |
| 26 | | | | | | | | | | | |
| 27 | | | | | | | | | | | |
| 28 | | | | | | | | | | | |
| 29 | | | | | | | | | | | |
| 30 | Totals | | | | 457188 | | | | | 29613468 | 393223 |

Company Name: **PROJECT TELEPHONE COMPANY****SCHEDULE 11****Net Plant in Service - Detail****Year:2011**

| 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 | 4291278 | 58576 | 30350 | | 4319504 | | 4319504 |
| 2 | ^ | 2111 Land | 130353 | | | | 130353 | | 130353 |
| 3 | ^ | 2112 Motor Vehicles | 967276 | 42400 | 30350 | | 979326 | 758820 | 220506 |
| 4 | ^ | 2113 Aircraft | | | | | | | |
| 5 | ^ | 2114 Special Purpose Vehicles | 172006 | 16176 | | | 188182 | 136155 | 52027 |
| 6 | ^ | 2115 Garage Work Equipment | | | | | | | |
| 7 | ^ | 2116 Other Work Equipment | 468599 | | | | 468599 | 452142 | 16457 |
| 8 | ^ | 2121 Buildings | 2488234 | | | | 2488234 | 1166396 | 1321838 |
| 9 | ^ | 2122 Furniture | 7036 | | | | 7036 | 3306 | 3730 |
| 10 | ^ | 2123 Office Equipment | 57774 | | | | 57774 | 20756 | 37018 |
| 11 | ^ | 2124 General Purpose Computers | | | | | | | |
| 12 | | 2211 Analog Electronic Switching | | 3532 | 8787 | | 5490797 | 5490797 | |
| 13 | | 2212 Digital Electronic Switching | 5496052 | | | | | | |
| 14 | | 2215 Electro-Mechanical Switching | | | | | | | |
| 15 | | 2220 Operator Systems | | | | | | | |
| 16 | | 2231 Radio Systems | 204275 | | 38264 | | 166011 | 50329 | 115682 |
| 17 | | 2232 Circuit Equipment | 6216047 | 442111 | 366500 | | 6291658 | 2755986 | 3535672 |
| 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 | 18495767 | 810295 | 66759 | | 19239303 | | 19239303 |
| 26 | ^ | 2421 Aerial Cable | 168550 | | 850 | | 167700 | 167700 | |
| 27 | ^ | 2422 Underground Cable | 158107 | | | | 158107 | 129836 | 28271 |
| 28 | ^ | 2423 Buried Cable | 18128907 | 810295 | 65909 | | 18873293 | 9155028 | 9718265 |
| 29 | ^ | 2424 Submarine Cable | | | | | | | |
| 30 | ^ | 2425 Deep Sea Cable | | | | | | | |
| 31 | ^ | 2426 Intra-building Network Cable | 40203 | | | | 40203 | 40203 | |
| 32 | | 2431 Aerial Wire | 3748 | | | | 3748 | 3748 | |
| 33 | | 2441 Conduit Systems | 771206 | | 807 | | 770399 | 262143 | 508256 |
| 34 | | Totals | 35542749 | 1314514 | 511467 | | 36345796 | 20657721 | 15688075 |

^ Subaccount of the account marked with a *.

Company Name: **PROJECT TELEPHONE COMPANY**

SCHEDULE 12

Analysis of Plant Held for Future Use

Year: 2011

| 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 | | | | | | | |
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| 25 | | | | | | | |
| 26 | | | | | | | |
| 27 | | | | | | | |
| 28 | | | | | | | |
| 29 | | | | | | | |
| 30 | Totals | (Sum L.1 to L.29) | | | | | |

Company Name: **PROJECT TELEPHONE COMPANY**

SCHEDULE 13

Average Cost of Long Term Debt

Year:2011

| Line No. | Description (a) | Issue Date (b) | Maturity Date (c) | Principal Amount (d) | Gross Proceeds (e) | Net Proceeds (f) | Net Per \$100 (g) | Outstanding Per Balance Sheet (h) | Yield to Maturity (i) | Annual Net Cost (j) | Amortization of Premium or Discount (k) | Total Cost (%) (l) |
|----------|-------------------------|----------------|-------------------|----------------------|--------------------|------------------|-------------------|-----------------------------------|-----------------------|---------------------|---|--------------------|
| 1 | TELEPHONE PLANT RUS | | | | | | | | | | | |
| 2 | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | |
| 4 | NOTE NO. | | | | | | | | | | | |
| 5 | 2010 | 1957 | Feb-92 | 50000 | 50000 | 50000 | | | | | | |
| 6 | 2020 | 1958 | Mar-93 | 175000 | 175000 | 175000 | | | | | | |
| 7 | 2030 | 1958 | Jul-93 | 55000 | 55000 | 55000 | | | | | | |
| 8 | 2040 | 1959 | Nov-94 | 25660 | 25660 | 25660 | | | | | | |
| 9 | 2041 | 1959 | Nov-94 | 12849 | 12849 | 12849 | | | | | | |
| 10 | 2042 | 1959 | Nov-94 | 10491 | 10491 | 10491 | | | | | | |
| 11 | 12050 | 1974 | Nov-09 | 1085000 | 1085000 | 1085000 | | | | | | |
| 12 | 12060 | 1976 | Jul-11 | 320000 | 320000 | 320000 | | | | 26 | | |
| 13 | 12062 | 1976 | Jul-11 | 85000 | 85000 | 85000 | | 21064 | | 450 | | |
| 14 | 12071 | 1978 | Nov-13 | 571000 | 571000 | 571000 | | 70065 | | 4255 | | |
| 15 | 12080 | 1983 | Oct-18 | 2170000 | 2170000 | 2170000 | | 745913 | | 39802 | | |
| 16 | 12090 | 1983 | Oct-18 | 3019000 | 3019000 | 3019000 | | 1073645 | | 57265 | | |
| 17 | 12091 | 1983 | Oct-18 | 1376000 | 1376000 | 1376000 | | 513585 | | 27376 | | |
| 18 | 12092 | 1983 | Oct-18 | 511000 | 511000 | 511000 | | 304762 | | 15681 | | |
| 19 | | | | | | | | | | | | |
| 20 | INTEREST ON PREPAYMENTS | | | | | | | | | -615 | | |
| 21 | | | | | | | | | | | | |
| 22 | PREPAYMENTS-DR. | | | | | | | -12682 | | | | |
| 23 | | | | | | | | | | | | |
| 24 | TELE-PLANT RTB | 1984 | | 3202500 | 3202500 | 3202500 | | 360723 | | 35134 | | |
| 25 | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | |
| 28 | | | | | | | | | | | | |
| 29 | | | | | | | | | | | | |
| 30 | Total | | | 12668500 | 12668500 | 12668500 | 100.00 | 3077075 | | 179374 | | 5.83% |

Company Name: **PROJECT TELEPHONE COMPANY**

SCHEDULE 14

Cost of Preferred Stock

Year: 2011

| 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 | | | | | | | | | | | | |
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| 11 | | | | | | | | | | | | |
| 12 | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | |
| 14 | | | | | | | | | | | | |
| 15 | | | | | | | | | | | | |
| 16 | | | | | | | | | | | | |
| 17 | | | | | | | | | | | | |
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| 19 | | | | | | | | | | | | |
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| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | |
| 28 | | | | | | | | | | | | |
| 29 | | | | | | | | | | | | |
| 30 | Totals (Sum L.1 to L.29) | | | | | | | | | | | |

Company Name: **PROJECT TELEPHONE COMPANY**

SCHEDULE 15

Analysis of Common Stock

Year: 2011

| Line No. | (a) | Avg. Number of Shares Outstanding (b) | Book Value (per share) (c) | Earnings (per share) (d) | Dividends (per share) (e) | Retention Ratio (f) | Market Price High (g) Low (h) | Price/Earnings Ratio (i) |
|----------|-------------------------|---------------------------------------|----------------------------|--------------------------|---------------------------|---------------------|-------------------------------|--------------------------|
| 1 | Year Ended December 31: | | | | | | | |
| 2 | | | | | | | | |
| 3 | N/A | | | | | | | |
| 4 | | | | | | | | |
| 5 | | | | | | | | |
| 6 | | | | | | | | |
| 7 | | | | | | | | |
| 8 | Month by Month Data: | | | | | | | |
| 9 | January | | | | | | | |
| 10 | February | | | | | | | |
| 11 | March | | | | | | | |
| 12 | April | | | | | | | |
| 13 | May | | | | | | | |
| 14 | June | | | | | | | |
| 15 | July | | | | | | | |
| 16 | August | | | | | | | |
| 17 | September | | | | | | | |
| 18 | October | | | | | | | |
| 19 | November | | | | | | | |
| 20 | December | | | | | | | |
| 21 | | | | | | | | |
| 22 | | | | | | | | |
| 23 | | | | | | | | |

Company Name: **PROJECT TELEPHONE COMPANY**

SCHEDULE 16

Capital Stock and Funded Debt reacquired or retired during the year

Year: 2011

| 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 | | | | | | | |
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| 6 | | | | | | | |
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| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | | | | | | | |
| 19 | | | | | | | |
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| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | | | | | | | |
| 26 | | | | | | | |
| 27 | | | | | | | |
| 28 | | | | | | | |
| 29 | | | | | | | |
| 30 | Totals (Sum L. 1 to L. 29) | | | | | | |

Total Company Expense Matrix

| Line No. | Acct. No. | Description | Salaries and Wages | Benefits | Rents | Other Expenses | Clearances | Total |
|----------|-----------|---|--------------------|----------|---------|----------------|------------|---------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| 1 | * | Network Support Expense | 12021 | 7763 | 5232 | 257525 | -220392 | 62149 |
| 2 | ^ | Motor Vehicle Expense | 12021 | 7763 | | 222205 | -220392 | 21597 |
| 3 | ^ | Aircraft Expense | | | | | | |
| 4 | ^ | Special Purpose Vehicles Expense | | | 5232 | 29942 | | 35174 |
| 5 | ^ | Garage Work Equipment Expense | | | | 5378 | | 5378 |
| 6 | ^ | Other Work Equipment Expense | | | | 109494 | | 509160 |
| 7 | * | General Support Expense | 80221 | 51803 | 267642 | 91796 | | 403327 |
| 8 | ^ | Land and Building Expense | 63235 | 40834 | 207462 | 736 | | 7192 |
| 9 | ^ | Furniture and Artworks Expense | | | 6456 | 3415 | | 38611 |
| 10 | ^ | Office Equipment Expense | | | 35196 | 13547 | | 60030 |
| 11 | ^ | General Purpose Computers Expense | 16986 | 10969 | 18528 | 123095 | | 447794 |
| 12 | * | Central Office Switching Expense | 197296 | 127403 | | | | |
| 13 | ^ | Analog Electronic Expense | | | | 123095 | | 447794 |
| 14 | ^ | Digital Electronic Expense | 197296 | 127403 | | | | |
| 15 | ^ | Electro-Mechanical Expense | | | | | | |
| 16 | | Operator Systems Expense | | | | | | |
| 17 | * | Central Office Transmission Expense | 68541 | 44260 | 141731 | 299686 | | 554218 |
| 18 | ^ | Radio Systems Expense | 510 | 329 | | 10594 | | 11433 |
| 19 | ^ | Circuit Equipment Expense | 68031 | 43931 | 141731 | 289092 | | 542785 |
| 20 | * | Information Origination/Termination Expense | | | | | | |
| 21 | ^ | Station Apparatus Expense | | | | | | |
| 22 | ^ | Large Private Branch Exchange Expense | | | | | | |
| 23 | ^ | Public Telephone Terminal Equipment Exp. | | | | | | |
| 24 | ^ | Other Terminal Equipment Expense | | | | | | |
| 25 | * | Cable and Wire Facilities Expense | 563158 | 363656 | 494725 | 272260 | | 1693799 |
| 26 | ^ | Poles Expense | | | 14090 | 774 | | 14864 |
| 27 | ^ | Aerial Cable Expense | 17204 | 11109 | | 11270 | | 39583 |
| 28 | ^ | Underground Cable Expense | | | | | | |
| 29 | ^ | Buried Cable Expense | 545954 | 352547 | 480320 | 250203 | | 1629024 |
| 30 | ^ | Submarine Cable Expense | | | | | | |
| 31 | ^ | Deep Sea Cable Expense | | | | | | |
| 32 | ^ | Intrabuilding Network Cable Expense | | | | | | |
| 33 | ^ | Aerial Wire Expense | | | | | | |
| 34 | | Subtotals | 921,237 | 594,885 | 909,015 | 1,052,047 | (220,392) | 3256792 |

^ Subaccount of the account marked with a *.

Company Name: PROJECT TELEPHONE COMPANY

SCHEDULE 17

Page 2 of 2

Total Company Expense Matrix

Year: 2011

| Line No. | Acct. No. | Description | Salaries and Wages | Benefits | Rents | Other Expenses | Clearances | Total |
|----------|-----------|--|--------------------|-----------|---------|----------------|------------|---------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| 35 | ^ | Conduit Systems Expense | | | 315 | 10013 | | 10328 |
| 36 | 6510 | Other Property Expenses | 30379 | 19617 | | 119298 | -160189 | 9105 |
| 37 | * 6530 | Network Operations Expense | 280530 | 182482 | | 178335 | -75493 | 555854 |
| 38 | ^ 6531 | Power Expense | | | | 109728 | | 109728 |
| 39 | ^ 6532 | Network Administration Expense | 6406 | 4136 | | 10283 | | 20825 |
| 40 | ^ 6533 | Testing Expense | 8755 | 5654 | | 586 | | 14995 |
| 41 | ^ 6534 | Plant Operations Expense | 157734 | 101836 | | 32558 | -47827 | 244321 |
| 42 | ^ 6535 | Engineering Expense | 107635 | 70836 | | 25180 | -27666 | 175985 |
| 43 | 6540 | Access Expense | | | | 136920 | | 136920 |
| 44 | 6561 | Depreciation - Telecomm. Plant in Service | | | | 1601820 | | 1601820 |
| 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 | 25901 | 16726 | | 12000 | | 54627 |
| 50 | ^ 6611 | Product Management | | | | | | |
| 51 | ^ 6612 | Sales | 7777 | 5022 | | 7248 | | 20047 |
| 52 | ^ 6613 | Product Advertising | 18124 | 11704 | | 4752 | | 34580 |
| 53 | 6621 | Call Completion Services | | | | 191 | | 191 |
| 54 | 6622 | Number Services | 1682 | 1086 | | 699 | | 3467 |
| 55 | 6623 | Customer Services | 113727 | 73439 | | 150040 | | 337206 |
| 56 | 6711 | Executive | 29176 | 20413 | | 44106 | | 93695 |
| 57 | 6712 | Planning | | | | | | |
| 58 | 6721 | Accounting and Finance | 95172 | 61457 | | 108251 | | 264880 |
| 59 | 6722 | External Relations | 33317 | 21327 | | 69938 | | 124582 |
| 60 | 6723 | Human Relations | 1320 | 853 | | 8298 | | 10471 |
| 61 | 6724 | Information Management | | | | | | |
| 62 | 6725 | Legal | | | | 4073 | | 4073 |
| 63 | 6726 | Procurement | | | | | | |
| 64 | 6727 | Research and Development | | | | | | |
| 65 | 6728 | Other General and Administrative | 79699 | 51465 | | 71903 | | 203067 |
| 66 | | Provision for Uncollectible Notes Receivable | | | | | | |
| 67 | | Totals | 1,612,140 | 1,043,750 | 909,330 | 3,567,932 | (456,074) | 6677078 |

^ Subaccount of the account marked with a *.

Total State Expense Matrix

| Line No. | Acct. No. (a) | Description (b) | Salaries and Wages (c) | Benefits (d) | Rents (e) | Other Expenses (f) | Clearances (g) | Total (h) |
|----------|------------------|---|---------------------------|-----------------|--------------|-----------------------|-------------------|--------------|
| 1 | * | Network Support Expense | 12021 | 7763 | 5232 | 257525 | -220392 | 62149 |
| 2 | ^ | Motor Vehicle Expense | 12021 | 7763 | | 222205 | -220392 | 21597 |
| 3 | ^ | Aircraft Expense | | | | | | |
| 4 | ^ | Special Purpose Vehicles Expense | | | 5232 | 29942 | | 35174 |
| 5 | ^ | Garage Work Equipment Expense | | | | 5378 | | 5378 |
| 6 | ^ | Other Work Equipment Expense | | | | 103256 | | 502042 |
| 7 | * | General Support Expense | 80221 | 51803 | 266762 | 91613 | | 402264 |
| 8 | ^ | Land and Building Expense | 63235 | 40834 | 206582 | 325 | | 6781 |
| 9 | ^ | Furniture and Artworks Expense | | | 6456 | 1206 | | 36402 |
| 10 | ^ | Office Equipment Expense | | | 35196 | 10112 | | 56595 |
| 11 | ^ | General Purpose Computers Expense | 16986 | 10969 | 18528 | 122900 | | 446409 |
| 12 | * | Central Office Switching Expense | 196573 | 126936 | | | | |
| 13 | ^ | Analog Electronic Expense | | | | 122900 | | 446409 |
| 14 | ^ | Digital Electronic Expense | 196573 | 126936 | | | | |
| 15 | ^ | Electro-Mechanical Expense | | | | | | |
| 16 | | Operator Systems Expense | | | | | | |
| 17 | * | Central Office Transmission Expense | 66987 | 43256 | 141731 | 299245 | | 551219 |
| 18 | ^ | Radio Systems Expense | 510 | 329 | | 10594 | | 11433 |
| 19 | ^ | Circuit Equipment Expense | 66477 | 42927 | 141731 | 288651 | | 539786 |
| 20 | * | Information Origination/Termination Expense | | | | | | |
| 21 | ^ | Station Apparatus Expense | | | | | | |
| 22 | ^ | Large Private Branch Exchange Expense | | | | | | |
| 23 | ^ | Public Telephone Terminal Equipment Exp. | | | | | | |
| 24 | ^ | Other Terminal Equipment Expense | | | | | | |
| 25 | * | Cable and Wire Facilities Expense | 547904 | 353806 | 494725 | 267292 | | 1663727 |
| 26 | ^ | Poles Expense | | | 14090 | 774 | | 14864 |
| 27 | ^ | Aerial Cable Expense | 17204 | 11109 | | 11270 | | 39583 |
| 28 | ^ | Underground Cable Expense | | | | | | |
| 29 | ^ | Buried Cable Expense | 530700 | 342697 | 480320 | 245235 | | 1598952 |
| 30 | ^ | Submarine Cable Expense | | | | | | |
| 31 | ^ | Deep Sea Cable Expense | | | | | | |
| 32 | ^ | Intrabuilding Network Cable Expense | | | | | | |
| 33 | ^ | Aerial Wire Expense | | | | | | |
| 34 | | Subtotals | 903,706 | 583,564 | 908,135 | 1,040,205 | (220,392) | 3215218 |

^ Subaccount of the account marked with a *.

Company Name: PROJECT TELEPHONE COMPANY

Total State Expense Matrix

SCHEDULE 18
Page 2 of 2
Year: 2011

| Line No. | Acct. No. | Description | Salaries and Wages | Benefits | Rents | Other Expenses | Clearances | Total |
|----------|-----------|---|--------------------|-----------|---------|----------------|------------|---------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| 35 | ^ | 6441 Conduit Systems Expense | | | 315 | 10013 | | 10328 |
| 36 | | 6510 Other Property Expenses | 30379 | 19617 | | 119298 | -160189 | 9105 |
| 37 | * | 6530 Network Operations Expense | 280530 | 182482 | | 148729 | -75493 | 536248 |
| 38 | ^ | 6531 Power Expense | | | | 104173 | | 104173 |
| 39 | ^ | 6532 Network Administration Expense | 6406 | 4136 | | 10283 | | 20825 |
| 40 | ^ | 6533 Testing Expense | 8755 | 5654 | | 586 | | 14995 |
| 41 | ^ | 6534 Plant Operations Expense | 157734 | 101856 | | 18577 | -47827 | 230340 |
| 42 | ^ | 6535 Engineering Expense | 107635 | 70836 | | 15110 | -27666 | 165915 |
| 43 | | 6540 Access Expense | | | | 129085 | | 129085 |
| 44 | | 6561 Depreciation - Telecomm. Plant in Service | | | | 1514847 | | 1514847 |
| 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 | 25901 | 16726 | | 8874 | | 51501 |
| 50 | ^ | 6611 Product Management | | | | | | |
| 51 | ^ | 6612 Sales | 7777 | 5022 | | 6101 | | 18900 |
| 52 | ^ | 6613 Product Advertising | 18124 | 11704 | | 2773 | | 32601 |
| 53 | | 6621 Call Completion Services | | | | 180 | | 180 |
| 54 | | 6622 Number Services | 1682 | 1086 | | 500 | | 3268 |
| 55 | | 6623 Customer Services | 113727 | 73439 | | 135368 | | 322534 |
| 56 | | 6711 Executive | 29176 | 20413 | | 38744 | | 88333 |
| 57 | | 6712 Planning | | | | | | |
| 58 | | 6721 Accounting and Finance | 95172 | 61457 | | 93093 | | 249722 |
| 59 | | 6722 External Relations | 33317 | 21327 | | 62809 | | 117453 |
| 60 | | 6723 Human Relations | 1320 | 853 | | 7699 | | 9872 |
| 61 | | 6724 Information Management | | | | | | |
| 62 | | 6725 Legal | | | | 3840 | | 3840 |
| 63 | | 6726 Procurement | | | | | | |
| 64 | | 6727 Research and Development | | | | | | |
| 65 | | 6728 Other General and Administrative | 79699 | 51465 | | 60282 | | 191446 |
| 66 | | 6790 Provision for Uncollectible Notes Receivable | | | | | | |
| 67 | | Totals | 1,594,609 | 1,032,429 | 908,450 | 3,373,566 | (456,074) | 6452980 |

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2011

| | | | | |
|----|---|----------------------------------|-----------|----------|
| 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 | 3018589 | 2740420 | -9.22% |
| 18 | Actual return on plan assets | | | |
| 19 | Acquisition | | | |
| 20 | Employer contribution | 159319 | 159665 | 0.22% |
| 21 | Plan participants' contributions | 135657 | 118504 | -12.64% |
| 22 | Benefits paid | | | |
| 23 | Fair value of plan assets at end of year | 3313565 | 3018589 | -8.90% |
| 24 | Funded Status | 3313565 | 3018589 | -8.90% |
| 25 | Unrecognized net actuarial loss | | | |
| 26 | Unrecognized prior service cost | | | |
| 27 | Prepaid (accrued) benefit cost | 3313565 | 3018589 | -8.90% |
| 28 | | | | |
| 29 | Weighted-average Assumptions as of Year End | | | |
| 30 | Discount rate | | | |
| 31 | Expected return on plan assets | | | |
| 32 | Rate of compensation increase | | | |
| 33 | | | | |
| 34 | Components of Net Periodic Benefit Costs | | | |
| 35 | Service cost | | | |
| 36 | Interest cost | | | |
| 37 | Expected return on plan assets | | | |
| 38 | Amortization of prior service cost | | | |
| 39 | Recognized net actuarial loss | | | |
| 40 | Net periodic benefit cost | | | |
| 41 | | | | |
| 42 | Montana Intrastate Costs: | | | |
| 43 | Pension Costs | | | |
| 44 | Pension Costs Capitalized | | | |
| 45 | Accumulated Pension Asset (Liability) at Year End | | | |
| 46 | Number of Company Employees: | | | |
| 47 | Covered by the Plan | 20 | 20 | |
| 48 | Not Covered by the Plan | 1 | 1 | |
| 49 | Active | 21 | 21 | |
| 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

Year: 2011

| | 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: 2011

| 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 | 185113 | 185113 | 185113 |
| 2 | MITS | LEGAL SERVICES | 34828 | 34828 | 34828 |
| 3 | ASSOC LEGAL GROUP | LEGAL SERVICES | 283 | 283 | 283 |
| 4 | | | | | |
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| 49 | Total | | | | |

Subscriber Line Usage Data

Year: 2011

| Line No. | Description (a) | This Year (b) | % of Total (c) | Last Year (d) | % of Total (e) |
|----------|-------------------------------|---------------|----------------|---------------|----------------|
| 1 | Toll Usage: | | | | |
| 2 | Interstate, InterLATA | 5260350 | 78.36% | 5855226 | 79.08% |
| 3 | Interstate, IntraLATA | 70960 | 1.06% | 62988 | 0.85% |
| 4 | Total Interstate Usage | 5331310 | 79.42% | 5918214 | 79.94% |
| 5 | Intrastate, InterLATA | 889300 | 13.25% | 967665 | 13.07% |
| 6 | Intrastate, IntraLATA | 492453 | 7.34% | 517864 | 6.99% |
| 7 | Total Intrastate Usage | 1381753 | 20.58% | 1485529 | 20.06% |
| 8 | Total Toll Usage | 6713063 | 100.00% | 7403743 | 100.00% |
| 9 | Centrex | | | | |
| 10 | Local | | | | |
| 11 | Total Minutes | 6713063 | 100.00% | 7403743 | 100.00% |

Central Office and Access Line Statistics

Year: 2011

| Line No. | Wire Center | Type of Office | Residential | ISDN | ADSL | Lifeline Customers | Residential LMS Customers | Single Line Business | Multi-Line Business | Customer Owned Coin | Company Owned Coin | Other | % of Lines w/ T. Tone | Total Access Lines |
|----------|----------------|----------------|-------------|------|------|--------------------|---------------------------|----------------------|---------------------|---------------------|--------------------|-------|-----------------------|--------------------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) |
| 1 | ABSAROKEE | UD/DIG | 1092 | | 628 | 8 | | 254 | | | | 19 | | 1993 |
| 2 | BELFRY | UD/DIG | 165 | | 93 | 4 | | 48 | | | | 5 | | 311 |
| 3 | CLARK | RSU | 220 | | 145 | | | 54 | | | | 1 | | 420 |
| 4 | CROW AGENCY | UD/DIG | 338 | | 128 | 174 | | 535 | | | | 9 | | 1010 |
| 5 | FORT SMITH | RSU | 198 | | 73 | 24 | | 92 | | | | 2 | | 365 |
| 6 | HUNTLEY | RSU | 313 | | 129 | 6 | | 75 | | | | 3 | | 520 |
| 7 | LODGE GRASS | RSU | 333 | | 78 | 139 | | 73 | | | | 2 | | 486 |
| 8 | POMPEYS PILLAR | RSU | 51 | | 31 | | | 25 | | | | 2 | | 109 |
| 9 | SOUTH WYOLA | RSU | 2 | | | 15 | | 1 | | | | 19 | | 3 |
| 10 | WORDEN | UD/DIG | 512 | | 224 | 35 | | 160 | | | | 1 | | 915 |
| 11 | WYOLA | RSU | 86 | | 18 | | | 24 | | | | | | 129 |
| 12 | | | | | | | | | | | | | | |
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| 33 | Total | | 3310 | | 1547 | 405 | | 1341 | | | | 63 | | 6261 |

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

Central Office and Switch Information

Year: 2011

| 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 | ABSARKEE | HOST | DIGITAL | NTI | DMS10-SS | 1,709 | 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 | 1,056 | 1994 |
| 5 | FORT SMITH | REMOTE | DIGITAL | NTI | RSLE | 363 | 1994 |
| 6 | HUNTLEY | REMOTE | DIGITAL | NTI | RSLE | 597 | 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 | 335 | 1985 |
| 11 | ROSCOE | REMOTE | DIGITAL | NTI | RSLE | 251 | 1996 |
| 12 | DEAN | REMOTE | DIGITAL | NTI | RSLE | 160 | 1996 |
| 13 | | | | | | | |
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NOTE: Additional blank schedules are being provided for your convenience.

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 | 58576 | 309800 | -81.09% |
| 2 | 2210 | Central Office Assets | 3532 | | |
| 3 | 2220 | Operator Systems | | | |
| 4 | 2230 | Central Office Transmission | 442111 | 1052897 | -58.01% |
| 5 | 2310 | Information/Termination Assets | | | |
| 6 | 2410 | Cable and Wire Facilities Assets | 810295 | 3254120 | -75.10% |
| 7 | 2680 | Amortizable Tangible Assets | | | |
| 8 | 2690 | Intangibles | | | |
| 9 | | Total Construction Expenditures | 1314514 | 4616817 | -71.53% |

Construction Budget - Montana

Year: 2012

| Line No. | Description (a) | 2012 (b) |
|----------|---|-------------|
| 1 | Central Office Assets: | |
| 2 | | |
| 3 | VOICE SWITCH IP | 878542 |
| 4 | GENERAL WORK ORDERS | 100000 |
| 5 | | |
| 6 | | |
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| 26 | | |
| 27 | Total Switching and Central Office Projects over \$500,000 | 878542 |
| 28 | Miscellaneous Central Office Projects not over \$500,000 | 100000 |
| 29 | Total Central Office Budget (Total of Line 27 & Line 28) | 978542 |
| 30 | Other Projects over \$500,000: | |
| 31 | | |
| 32 | ABSAROCKEE FTTN PHASE 3 OF 3 | 2100000 |
| 33 | BELFRY NORTH PHASE 3 | 150000 |
| 34 | MIDDLE MILE STIMULUS PROJECT PHASE 1 OF 2 | 840429 |
| 35 | LAST MILE STIMULUS PROJECT THASE 1 OF 3 | 582467 |
| 36 | GENERAL WORK ORDERS | 500000 |
| 37 | | |
| 38 | | |
| 39 | | |
| 40 | | |
| 41 | Total Other Projects over \$500,000 | 4022896 |
| 42 | Miscellaneous projects not over \$500,000 | 150000 |
| 43 | Total Construction Budget (Total of Lines 29, 41 & 42) | 5151438 |

Montana Employee Counts

Year: 2011

| Line No. | Category (a) | Beginning of Year (b) | End of Year (c) |
|----------|---|-----------------------|-----------------|
| 1 | CENTRAL OFFICE TECH | 3 | 3 |
| 2 | COMBINATION TECH | 8 | 7 |
| 3 | CONSTRUCTION TECH | 3 | 3 |
| 4 | CUSTODIAN | 2 | 2 |
| 5 | CUSTOMER SERVICE SPECIALIST | 4 | 3 |
| 6 | RIGHT OF WAY CLERK | 1 | 1 |
| 7 | PLANT SUPERVISOR | 1 | 1 |
| 8 | ENGINEER | 1 | 1 |
| 9 | | | |
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| 42 | | | |
| 43 | Totals (Sum of Lines 1 through 42) | 23 | 21 |

Compensation of Top 10 Montana Based Employees

Year: 2011

| Line No. | Name/Title (a) | Base Salary (b) | Bonuses (c) | Other Compensation (d) | Total Compensation (e) | Total Compensation Last Year (f) | % Increase Total Compensation (g) |
|----------|--------------------------|--------------------|----------------|---------------------------|---------------------------|-------------------------------------|--------------------------------------|
| 1 | N/A | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
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| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | Totals (Sum L.1 to L.10) | | | | | | |

Compensation of Top 5 Corporate Employees - SEC Information

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

Montana Composite Statistics

Year: 2011

| Line No. | Account No. | Description (a) | Amount (b) |
|----------|-------------|--|---------------|
| 1 | | Plant (Intrastate Only) (000 Omitted) | |
| 2 | 2001 | Plant in Service | 36345796 |
| 3 | 2003 - 2004 | Construction Work in Progress | 693188 |
| 4 | 2005 | Plant Acquisition Adjustments | |
| 5 | 2002 | Plant Held for Future Use | |
| 6 | 1220 | Materials & Supplies | 933061 |
| 7 | | (Less): | |
| 8 | 3100 - 3400 | Depreciation & Amortization Reserves | -20657721 |
| 9 | 4360.2 | Contributions in Aid of Construction | |
| 10 | | NET BOOK COSTS | 17314324 |
| 11 | | Revenues & Expenses (Intrastate Only) (000 Omitted) | |
| 12 | 5000 - 5300 | Operating Revenues | 7803632 |
| 13 | 6560 | Depreciation & Amortization Expenses | 1514846 |
| 14 | | Federal & State Income Taxes | -60991 |
| 15 | | Other Taxes | 672785 |
| 16 | | Other Operating Expenses | 4938134 |
| 17 | | TOTAL Operating Expenses | 7064774 |
| 18 | | Net Operating Income | 738858 |
| 19 | | Other Income | 2728828 |
| 20 | | Other Deductions | 170282 |
| 21 | | NET INCOME | 3297404 |
| 22 | | Access Lines in Service (Intrastate Only) | |
| 23 | | Residential Access Lines | 3088 |
| 24 | | Business Access Lines | 1286 |
| 25 | | PBX Access Lines | |
| 26 | | Other Access Lines | 63 |
| 27 | | Total Number of Access Lines | 4437 |
| 28 | | Average Number of Calls Per Access Line | |
| 29 | | Local Calls | 3134483 |
| 30 | | Toll Calls (Intra- or Interstate) | 3869732 |
| 31 | | Total Number of Calls Per Access Line | 7004215 |
| | | (Total of Line 29 & Line 30 divided by Line 27) | 1579 |
| 32 | | Other Statistics (Intrastate Only) | |
| 33 | | Average Residential Monthly Bill | 46 |
| 34 | | Gross Plant Investment per Access Line | 8191 |

Depreciation - Montana Intrastate Regulated

Year: 2011

| Line No. | Acct No. (a) | Description (b) | Composite Rate % (c) | Total Expense \$ (d) |
|----------|--|---|----------------------------|----------------------------|
| 1 | 2112 | Motor Vehicles | 25.0% | 208,702 |
| 2 | 2114 | Special Purpose Vehicles | 8.0% | 15,391 |
| 3 | 2115 | Garage Work Equipment | 8.0% | |
| 4 | 2116 | Other work Equipment | 8.0% | 93,722 |
| 5 | 2121 | Buildings | 3.1% | 77,036 |
| 6 | 2122 | Furniture | 7.5% | 528 |
| 7 | 2123.1 | Office Support Equipment | 7.5% | 4,333 |
| 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% | 3,532 |
| 12 | 2215 | Step By Step Switching Equipment | | |
| 13 | 2215 | Crossbar Switching Equipment | | |
| 14 | 2220 | Operator System | | |
| 15 | 2231 | Radio Systems | 8.2% | 20,006 |
| 16 | 2232 | Circuit DDS | 6.5% | 415,189 |
| 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% | 487,054 |
| 27 | 2423 | Buried Cable Nonmetallic | 4.0% | 144,015 |
| 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% | 30,833 |
| 34 | | | | |
| 35 | | COMPOSITE TOTAL | | 1,514,846 |
| 36 | Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates Docket Number _____ Order Number _____ | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |

Montana Regulatory Capital Structure & Costs

Year: 2011

| 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 | | | |
| 9 | | | | |
| 10 | Actual at Year End | | | |
| 11 | | | | |
| 12 | Common Equity | 95.00% | 7.490% | 7.116% |
| 13 | Preferred Stock | | | |
| 14 | Long Term Debt | 5.00% | 5.500% | 0.275% |
| 15 | Other | | | |
| 16 | Total | 100.00% | | 7.391% |

Network Access - Charges and Revenues

Year: 2011

| Line No. | Description (a) | Access Charges Paid (b) | Access Revenues Received (c) |
|----------|--------------------------------|----------------------------|---------------------------------|
| 1 | Montana - Total State | | 2916358 |
| 2 | | | |
| 3 | Montana - Intrastate | | 2916358 |
| 4 | | | |
| 5 | Montana - Intrastate Regulated | | 2916358 |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |

Company Name: **PROJECT TELEPHONE COMPANY**

SCHEDULE 33

Affiliate Transactions - Products & Services Provided to Utility

Year: 2011

| 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 | 933,328 | 4.8% | |
| 4 | | | | | | |
| 5 | NEMONT COMMUNICATIONS | BUILDING LEASE | LEASE AGREEMENT | 206,582 | 1.5% | |
| 6 | | | | | | |
| 7 | NEMONT COMMUNICATIONS | OTHER OFFICE & COMM EQ | LEASE AGREEMENT | 46,884 | 0.3% | |
| 8 | | | | | | |
| 9 | NEMONT COMMUNICATIONS | FIBER LEASE | LEASE AGREEMENT | 622,051 | 4.5% | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | TOTAL | | | \$1,827,373 | | |

Montana Intrastate Regulated Earned Rate of Return

Year: 2011

| Line No. | Description Rate Base (a) | This Year (b) | Last Year (c) | Percent Change (d) |
|----------|---|------------------|------------------|-----------------------|
| 1 | | | | |
| 2 | 2001 Plant in Service | 37,038,984 | 36,353,395 | 1.89% |
| 3 | 2002 Prop. Held for Future Telecommunications Use | | | |
| 4 | 3100-3200 (Less) Accumulated Depreciation | (20,657,721) | (19,611,278) | -5.34% |
| 5 | Plant in Service | 16,381,263 | 16,742,117 | -2.16% |
| 6 | | | | |
| 7 | Additions | | | |
| 8 | 1220 Materials & Supplies | 933,061 | | |
| 9 | 1280 Prepayments | | | |
| 10 | Other Additions | | | |
| 11 | TOTAL Additions | 933,061 | | |
| 12 | | | | |
| 13 | Deductions | | | |
| 14 | 4100 Current Deferred Operating Income Taxes | | | |
| 15 | 4320 Unamortized Operating Investment Tax Credits | 3,442 | 3,442 | |
| 16 | 4340 Noncurrent Deferred Operating Income Taxes | 2,329,436 | 2,801,522 | -16.85% |
| 17 | Customer Advances for Construction | | | |
| 18 | Other Deductions | | | |
| 19 | TOTAL Deductions | 2,332,878 | 2,804,964 | -16.83% |
| 20 | TOTAL Rate Base | 14,981,446 | 13,937,153 | 7.49% |
| 21 | | | | |
| 22 | Net Earnings | 3,297,405 | 4,191,701 | -21.33% |
| 23 | | | | |
| 24 | Rate of Return on Average Rate Base | 22.000% | 30.070% | -26.84% |
| 25 | | | | |
| 26 | Rate of Return on Average Equity | 7.990% | 11.180% | -28.53% |
| 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 | Adjusted Rate of Return on Average Rate Base | | | |
| 44 | | | | |
| 45 | Adjusted Rate of Return on Average Equity | | | |

Other Taxes Paid

Year: 2011

| Line No. | Description (a) | Last Year (b) | This Year (c) |
|----------|---|---------------|---------------|
| 1 | Montana Telephone Company License Tax | | |
| 2 | Montana Public Service Commission Tax | 8976 | 10680 |
| 3 | Montana Consumer Counsel Tax | 1473 | 3284 |
| 4 | 911 Emergency Telephone Fee | 74353 | 78980 |
| 5 | Montana Telecommunications Access Service (TDD) | 7453 | 7186 |
| 6 | Montana Corporate License Tax | 15 | 15 |
| 7 | Personal Property Tax | | |
| 8 | Real Property Tax | 259607 | 278323 |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | Total | 351877 | 378468 |

SCHEDULE 37

Universal Service Funds Received

Year: 2011

| Line No. | Description (a) | Last Year (b) | This Year (c) |
|----------|-------------------------------------|----------------|----------------|
| 13 | Funds received from Montana Sources | 1312896 | 1363785 |
| 14 | Funds received from Federal Sources | 117000 | 113630 |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | Total | 1429896 | 1477415 |