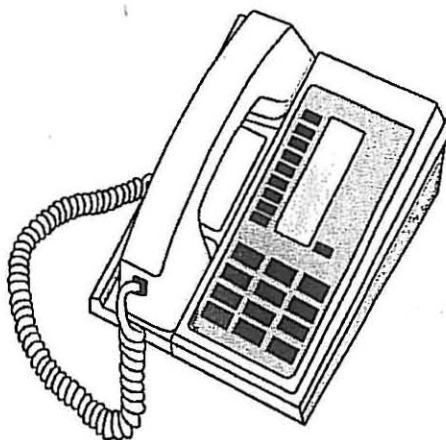


YEAR ENDING 2013

ANNUAL REPORT  
OF  
Lincoln Telephone Company, Inc.

TELEPHONE UTILITY



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

**General Information**

Year: 2013

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

Board of Directors			
Line No.	Name of Director and Address (City, State)		Fees Paid During Year
	(a)		(b)
1	Edward Grady	9768 Lincoln Rd West Canyon Creek, MT 59633	700
2	Dick Haines	5935 St. Francis Missoula, MT 59802	1050
3	Tim Mulcare	225 Brookfield Helena, MT 59602	1050
4	Robert Orr	Box 1 Lincoln, MT 59639	1050
5	Sheldon Stoner	44 Wonder Rd Clancy, MT 59634	1050
6			
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18	<b>Chairman of the Board:</b> Robert Orr		
19			
20			

**Officers**

Year: 2013

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)
1	President	Company	Robert Orr
2			111 Stemple Pass Road
3			Lincoln, MT 59639
4			
5	Vice-President	Company	Dick Haines
6			111 Stemple Pass Road
7			Lincoln, MT 59639
8			
9	Secretary	Company	Ken Lumpkin
10			111 Stemple Pass Road
11			Lincoln, MT 59639
12			
13	Treasurer	Company	Ken Lumpkin
14			111 Stemple Pass Road
15			Lincoln, MT 59639
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**Total Company Balance Sheet**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>CURRENT ASSETS:</b>		
2	1120	Cash and Equivalents	773,154	293,257
3	1180	Telecommunications Accounts Receivable - Net	87,184	85,706
4	1190	Other Accounts Receivable - Net	119,718	88,933
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	21,959	31,240
8	* 1280	Prepayments	10,172	7,646
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance	10,172	7,646
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets	19,529	
15		<b>Total Current Assets</b>	<b>1,031,716</b>	<b>506,782</b>
16		<b>NONCURRENT ASSETS:</b>		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	823,954	829,481
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges		
25	1500	Other Jurisdictional Assets - Net		
26		<b>Total Noncurrent Assets</b>	<b>823,954</b>	<b>829,481</b>
27		<b>PROPERTY, PLANT, &amp; EQUIPMENT:</b>		
28	2001	Telecommunications Plant in Service	7,258,481	6,499,993
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term		48,831
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(4,573,020)	(4,265,421)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		<b>Net Property, Plant, &amp; Equipment</b>	<b>2,685,461</b>	<b>2,283,403</b>
40		<b>TOTAL ASSETS</b>	<b>4,541,131</b>	<b>3,619,666</b>

^ Subaccount of account marked with a \*.



**Total Company Balance Sheet**

Year: 2013

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		<b>CURRENT LIABILITIES:</b>		
42	4010	Accounts Payable	550,956	23,857
43	4020	Notes Payable		
44	4030	Advance Billing and Payments		
45	4040	Customer Deposits	2,100	2,600
46	4050	Current Maturities - Long Term Debt	89,484	77,056
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued	50	
49	4080	Other Taxes - Accrued	15,578	16,129
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities		9,770
53	4130	Other Current Liabilities	166	298
54		<b>Total Current Liabilities</b>	<b>658,334</b>	<b>129,710</b>
55		<b>LONG-TERM DEBT:</b>		
56	4210	Funded Debt	673,625	641,567
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		
63		<b>Total Long-Term Debt</b>	<b>673,625</b>	<b>641,567</b>
64		<b>OTHER LIABILITIES AND DEFERRED CREDITS:</b>		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes		
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	1,082,007	922,029
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		<b>Total Other Liabilities and Deferred Credits</b>	<b>1,082,007</b>	<b>922,029</b>
73		<b>STOCKHOLDERS' EQUITY:</b>		
74	4510	Capital Stock	2,450	2,450
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock	(2,240)	(2,240)
77	4540	Other Capital		
78	4550	Retained Earnings	2,126,955	1,926,150
79		<b>Total Stockholders' Equity</b>	<b>2,127,165</b>	<b>1,926,360</b>
80		<b>TOTAL LIAB. AND STOCKHOLDERS' EQUITY</b>	<b>4,541,131</b>	<b>3,619,666</b>

## Total Company Income Statement

Year: 2013

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	226,793	234,644
3	5080	Network Access Revenues	845,814	783,883
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	258,588	273,962
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	257,652	273,076
14	^ 5270	Carrier Billing and Collection Revenue	936	886
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	15,520	2,216
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	1,315,675	1,290,273
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense		
20	6120	General Support Expense	10,905	31,191
21	6210	Central Office Switching Expense	359,291	397,924
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	12,361	13,766
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	143,108	124,995
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense	143,108	124,995
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense	6,685	15,195
31	6560	Depreciation and Amortization Expense	252,302	241,629
32	6610	Marketing		
33	6620	Services	126,373	162,098
34	6710	Executive and Planning	113,167	105,521
35	6720	General and Administrative	277,868	262,631
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	1,302,060	1,354,950
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	(25,627)	18,542
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	39,242	(83,219)
41	7300	Nonoperating Income and Expense		
42	7400	Nonoperating Taxes	(119,862)	(4,148)
43	7500	Interest and Related Items	35,940	36,225
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	175,641	(189,789)
47		<b>NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)</b>	298,805	74,493

^ Subaccount of the account marked with a \*.

## Montana Total State Income Statement

Year: 2013

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

^ Subaccount of the account marked with a \*.



## Montana Intrastate Income Statement

Year: 2013

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

^ Subaccount of the account marked with a \*.

## Montana Intrastate Regulated Income Statement

Year: 2013

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

^ Subaccount of the account marked with a \*.



**Average Rate Base - Total State**

Year: 2013

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	7258481	6499993
2	3100	Accumulated Depreciation	4573020	4265421
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation		
5	1220	Materials and Supplies	21959	31240
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	2707420	2265812

**Average Rate Base - Intrastate**

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

**Average Rate Base - Regulated Intrastate**

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

## Statement of Cash Flows

Year: 2013

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	<b>Increase/(decrease) in Cash &amp; Cash Equivalents</b>		
2	<b>Cash Flows from Operating Activities:</b>		
3	Net Income		
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	See Following Schedule	
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	<b>Net Cash Provided by/(Used in) Operating Activities</b>		
18	<b>Cash Inflows/Outflows From Investing Activities:</b>		
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	<b>Net Cash Provided by/(Used in) Investing Activities</b>		
26	<b>Cash Flows from Financing Activities:</b>		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity < = 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
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	<b>Net Cash Provided by Financing Activities</b>		
38	<b>Effect of Exchange Rate Changes on Cash</b>		
39	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		
40	<b>Cash &amp; Cash Equivalents at Beginning of Period</b>		
41	<b>Cash &amp; Cash Equivalents at End of Period</b>		

**LINCOLN TELEPHONE COMPANY, INC.**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 298,807	\$ 74,493
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	309,938	302,036
(Gain) loss on non-marketable investment	12	(1,782)
(Increase) decrease in:		
Materials, supplies and inventory	14,034	6,526
Accounts receivable	(26,840)	9,223
Due from officers, employees and other	(5,960)	1,578
Prepaid expense	(2,526)	(209)
Cash surrender value of life insurance	(1,576)	(765)
Prepaid income taxes	-	29,060
Deferred tax asset	(18,011)	-
Increase (decrease) in:		
Accounts payable	511,401	(8,372)
Unmatured interest	(132)	-
Withholdings payable	5,139	175
Customer deposits and advances	(635)	80
Accrued tax expense	(609)	(738)
Deferred income tax	43,279	(18,727)
Estimated deferred compensation liability	(9,827)	(18,794)
Estimated postretirement benefits liability	126,576	122,179
Income taxes payable	-	50
Net cash provided by operating activities	<u>1,243,070</u>	<u>496,013</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of telephone plant assets	(709,659)	(183,737)
Purchase of CATV plant assets	-	(27,857)
Net cash used by investing activities	<u>(709,659)</u>	<u>(211,594)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term debt repaid	(77,486)	(76,379)
Proceeds from long term debt	121,973	-
Dividends paid	<u>(98,000)</u>	<u>(98,000)</u>
Net cash used by financing activities	<u>(53,513)</u>	<u>(174,379)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	479,898	110,040
Cash and cash equivalents at beginning of year	<u>293,257</u>	<u>183,217</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 773,155</u>	<u>\$ 293,257</u>

See the notes to financial statements.

## Receivables and Investments-Affiliated &amp; Nonaffiliated Companies

Year: 2013

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	Subscribers		87184								
2											
3	Access Customers				45565						
4											
5	Neca				73876						
6											
7	MTA										1640
8	NISC										30437
9	MAIN										278712
10											
11											
12											
13											
14											
15											
16											
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30	Totals		87184		119441						310789



## Net Plant in Service - Detail

Year: 2013

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	952177	155558			1107735	913498	194237
2	^ 2111	Land	42666				42666		42666
3	^ 2112	Motor Vehicles	433269				433269	433269	
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles							
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	64622	138558			203180	69451	133729
8	^ 2121	Buildings	235759				235759	235759	
9	^ 2122	Furniture							
10	^ 2123	Office Equipment	39387				39387	38545	842
11	^ 2124	General Purpose Computers	136474	17000			153474	136474	17000
12	2211	Analog Electronic Switching							
13	2212	Digital Electronic Switching	1463413	149035			1612448	1001340	611108
14	2215	Electro-Mechanical Switching							
15	2220	Operator Systems							
16	2231	Radio Systems	26297				26297	26297	
17	2232	Circuit Equipment							
18	* 2310	Information Orig & Term Equip	17293				17293	17293	
19	^ 2311	Station Apparatus							
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.	17293				17293	17293	
23	^ 2362	Other Terminal Equipment							
24	2411	Poles							
25	* 2420	Cable and Wire Facilities	3905491	453895			4359386	2424085	1935301
26	^ 2421	Aerial Cable	267				267	267	
27	^ 2422	Underground Cable							
28	^ 2423	Buried Cable	4030162	453895			4484057	2603941	1880116
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable							
32	2431	Aerial Wire	10384				10384	10384	
33	2441	Conduit Systems							
34		<b>Totals</b>	6499993	758488			7258481	4573020	2685461

^ Subaccount of the account marked with a \*.



## Analysis of Plant Held for Future Use

Year 2013

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book Cost of Property at End of Year (g)
1	NONE						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
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: 2013

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	USDA/RUS - Siemens	Various	Various					763109		112438		14.73%
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	<b>Total</b>							763109		112438		14.73%

Cost of Preferred Stock

Year: 2013

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	NONE											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
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: 2013

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price		Price/Earnings Ratio (i)
							High (g)	Low (h)	
1	Year Ended December 31:	98	21706	3049	1000	204.90%	Stock Not Publically Traded		
2									
3									
4									
5									
6									
7									
8	Month by Month Data:								
9	January								
10	February								
11	March								
12	April								
13	May								
14	June								
15	July								
16	August								
17	September								
18	October								
19	November								
20	December								
21									
22									
23									

## Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 2013

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	Not Applicable - Under 5000 Access Lines						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						



## Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	6110 Network Support Expense						
2	^	6112 Motor Vehicle Expense						
3	^	6113 Aircraft Expense						
4	^	6114 Special Purpose Vehicles Expense						
5	^	6115 Garage Work Equipment Expense						
6	^	6116 Other Work Equipment Expense						
7	*	6120 General Support Expense						
8	^	6121 Land and Building Expense						
9	^	6122 Furniture and Artworks Expense						
10	^	6123 Office Equipment Expense		Not Applicable - Under 5000 Access Lines				
11	^	6124 General Purpose Computers Expense						
12	*	6210 Central Office Switching Expense						
13	^	6211 Analog Electronic Expense						
14	^	6212 Digital Electronic Expense						
15	^	6215 Electro-Mechanical Expense						
16		6220 Operator Systems Expense						
17	*	6230 Central Office Transmission Expense						
18	^	6231 Radio Systems Expense						
19	^	6232 Circuit Equipment Expense						
20	*	6310 Information Origination/Termination Expense						
21	^	6311 Station Apparatus Expense						
22	^	6341 Large Private Branch Exchange Expense						
23	^	6351 Public Telephone Terminal Equipment Exp.						
24	^	6362 Other Terminal Equipment Expense						
25	*	6410 Cable and Wire Facilities Expense						
26	^	6411 Poles Expense						
27	^	6421 Aerial Cable Expense						
28	^	6422 Underground Cable Expense						
29	^	6423 Buried Cable Expense						
30	^	6424 Submarine Cable Expense						
31	^	6425 Deep Sea Cable Expense						
32	^	6426 Intrabuilding Network Cable Expense						
33	^	6431 Aerial Wire Expense						
34		Subtotals						

^ Subaccount of the account marked with a \*.

## Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	6441	Conduit Systems Expense					
36		6510	Other Property Expenses					
37	*	6530	Network Operations Expense					
38	^	6531	Power Expense					
39	^	6532	Network Administration Expense					
40	^	6533	Testing Expense					
41	^	6534	Plant Operations Expense					
42	^	6535	Engineering Expense					
43		6540	Access Expense					
44		6561	Depreciation - Telecomm. Plant in Service	Not Applicable - Under 5000 Access Lines				
45		6562	Depreciation-Prop. for Future Telecom. Use					
46		6563	Amortization Expense - Tangible					
47		6564	Amortization Expense - Intangible					
48		6565	Amortization - Other					
49	*	6610	Marketing					
50	^	6611	Product Management					
51	^	6612	Sales					
52	^	6613	Product Advertising					
53		6621	Call Completion Services					
54		6622	Number Services					
55		6623	Customer Services					
56		6711	Executive					
57		6712	Planning					
58		6721	Accounting and Finance					
59		6722	External Relations					
60		6723	Human Relations					
61		6724	Information Management					
62		6725	Legal					
63		6726	Procurement					
64		6727	Research and Development					
65		6728	Other General and Administrative					
66		6790	Provision for Uncollectible Notes Receivable					
67			Totals					

^ Subaccount of the account marked with a \*.

## Total State Expense Matrix

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

^ Subaccount of the account marked with a \*.

## Total State Expense Matrix

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

^ Subaccount of the account marked with a \*.



**Pension Costs**

Year: 2013

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



**Other Post Employment Benefits (OPEBS)**

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

# Other Post Employment Benefits (OPEBS) Continued

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

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

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1					
2					
3					
4		Not Applicable - Under 5000 Access Lines			
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					
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34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	<b>Total</b>				

## Subscriber Line Usage Data

Year: 2013

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	1948581	72.39%	2128228	73.04%
3	Interstate, IntraLATA				
4	<b>Total Interstate Usage</b>	1948581	72.39%	2128228	73.04%
5	Intrastate, InterLATA				
6	Intrastate, IntraLATA	743107	27.61%	785391	26.96%
7	<b>Total Intrastate Usage</b>	743107	27.61%	785391	26.96%
8	<b>Total Toll Usage</b>	2691688	100.00%	2913619	100.00%
9	Centrex				
10	Local				
11	<b>Total Minutes</b>	2691688	100.00%	2913619	100.00%



## Cental Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifeline Customers (f)	Residential LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	Lincoln		536		383	21		48	105	4			100.0%	714
2	Canyon Creek		140		77			1	3		1		100.0%	145
3														
4														
5														
6														
7														
8														
9														
10														
11														
12														
13														
14														
15														
16														
17														
18														
19														
20														
21														
22														
23														
24														
25														
26														
27														
28														
29														
30														
31														
32														
33	<b>Total</b>		676		460	21		49	108	4	1		2	859

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

**Central Office and Switch Information**

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	LINCOLN	HOST	IP	GENBAND	C15	10,000	2011
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
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31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48							

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

**Construction Budget - Montana**

Year: 2013

Line No.	Description (a)	(b)
1	<b>Central Office Assets:</b>	
2		
3	Switching	100000
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	100000
29	<b>Total Central Office Budget (Total of Line 27 &amp; Line 28)</b>	<b>100000</b>
30	<b>Other Projects over \$500,000:</b>	
31		
32	Fiber Plant	400000
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	400000
43	<b>Total Construction Budget (Total of Lines 29, 41 &amp; 42)</b>	<b>500000</b>

### Montana Total State Construction Expenditures

<b>Line No.</b>	<b>FCC Part 32 Account No. (a)</b>	<b>Description (b)</b>	<b>This Year (c)</b>	<b>Last Year (d)</b>	<b>Percent Change (e)</b>
1	2110	General Support Assets	155558	11673	1232.63%
2	2210	Central Office Assets	149035	65283	128.29%
3	2220	Operator Systems			
4	2230	Central Office Transmission			
5	2310	Information/Termination Assets			
6	2410	Cable and Wire Facilities Assets	453895	124938	263.30%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		<b>Total Construction Expenditures</b>	<b>758488</b>	<b>201894</b>	<b>275.69%</b>



## Montana Employee Counts

Year: 2013

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	MANAGER	1	1
2	OUTSIDE PLANT MANAGER	1	1
3	CENTRAL OFFICE TECHNICIAN	1	1
4	COMBINATION TECHNICIAN	1	1
5	COMMERCIAL CLERK	2	2
6			
7			
8			
9			
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41			
42			
43	Totals (Sum of Lines 1 through 42)	6	6

**Compensation of Top 10 Montana Based Employees**

Year: 2013

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

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

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

## Montana Composite Statistics

Year: 2013

Line No.	Account No.	Description (a)	Amount (b)
1		<b>Plant (Intrastate Only) (000 Omitted)</b>	
2	2001	Plant in Service	7258481
3	2003 - 2004	Construction Work in Progress	
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	21959
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-4573020
9	4360.2	Contributions in Aid of Construction	
10		<b>NET BOOK COSTS</b>	2707420
11		<b>Revenues &amp; Expenses (Intrastate Only) (000 Omitted)</b>	
12	5000 - 5300	Operating Revenues	
13	6560	Depreciation & Amortization Expenses	
14		Federal & State Income Taxes	
15		Other Taxes	
16		Other Operating Expenses	
17		TOTAL Operating Expenses	
18		Net Operating Income	
19		Other Income	
20		Other Deductions	
21		<b>NET INCOME</b>	
22		<b>Access Lines in Service (Intrastate Only)</b>	
23		Residential Access Lines	
24		Business Access Lines	
25		PBX Access Lines	
26		Other Access Lines	
27		<b>Total Number of Access Lines</b>	
28		<b>Average Number of Calls Per Access Line</b>	
29		Local Calls	
30		Toll Calls (Intra- or Interstate)	
31		<b>Total Number of Calls Per Access Line (Total of Line 29 &amp; Line 30)</b>	
32		<b>Other Statistics (Intrastate Only)</b>	
33		Average Residential Monthly Bill	
34		Gross Plant Investment per Access Line	



**Depreciation - Montana Intrastate Regulated**

Year: 2013

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	15.8%	6,693
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	15.8%	
5	2121	Buildings	7.3%	6,382
6	2122	Furniture	7.6%	
7	2123.1	Office Support Equipment	7.6%	2,994
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	7.6%	188
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	7.6%	111,218
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems		
16	2232	Circuit DDS		
17	2232	Circuit Digital	7.6%	
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment	6.7%	
20	2362	Other Terminal Equipment		
21	2411	Poles	5.0%	
22	2421	Aerial Cable Metallic		
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic		
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	3.5%	180,123
27	2423	Buried Cable Nonmetallic	3.5%	
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic		
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire	5.0%	
33	2441	Conduit Systems		
34				
35		<b>COMPOSITE TOTAL</b>		307,598
36				
37	Have these rates been approved by the Commission? ____ YES ____ NO			
38				
39	If yes: _____ Docket Number _____ Order Number			
40				

**Amortization - Montana Intrastate Regulated**

Year: 2013

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1				
2		N/A		
3				
4				
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34				
35		<b>COMPOSITE TOTAL</b>		
36	<b>Please list the Montana Public Service Commission Docket Order No. approving these amortization rates</b> Docket Number _____ Order Number _____			
37				
38				
39				
40				

**Montana Regulatory Capital Structure & Costs**

Year: 2013

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	<b>Commission Accepted - Most Recent</b>			
1	Docket Number			
2	Order Number			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	<b>Total</b>			
9				
10	<b>Actual at Year End</b>			
11				
12	Common Equity			
13	Preferred Stock			
14	Long Term Debt			
15	Other			
16	<b>Total</b>			

**Network Access - Charges and Revenues**

Year: 2013

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		57191
2			
3	Montana - Intrastate		
4			
5	Montana - Intrastate Regulated		57191
6			
7			
8			
9			
10			
11			
12			
13			

## Affiliate Transactions - Products &amp; Services Provided to Utility

Year: 2013

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1						
2						
3						
4						
5						
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25						
26						
27						
28						
29						
30	TOTAL					



## Affiliate Transactions - Products &amp; Services Provided by Utility

Year: 2013

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1						
2						
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29						
30	TOTAL					

## Montana Intrastate Regulated Earned Rate of Return

Year: 2013

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	7,258,481	6,499,993	11.67%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(4,573,020)	(4,265,421)	-7.21%
5	<b>Plant in Service</b>	<b>2,685,461</b>	<b>2,234,572</b>	<b>20.18%</b>
6				
7	<b>Additions</b>			
8	1220 Materials & Supplies	21,959	31,240	-29.71%
9	1280 Prepayments	10,172	7,646	33.04%
10	Other Additions			
11	<b>TOTAL Additions</b>	<b>32,131</b>	<b>38,886</b>	<b>-17.37%</b>
12				
13	<b>Deductions</b>			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes			
17	Customer Advances for Construction			
18	Other Deductions			
19	<b>TOTAL Deductions</b>			
20	<b>TOTAL Rate Base</b>	<b>2,717,592</b>	<b>2,273,458</b>	<b>19.54%</b>
21				
22	<b>Net Earnings</b>			
23				
24	<b>Rate of Return on Average Rate Base</b>			
25				
26	<b>Rate of Return on Average Equity</b>			
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
31				
32				
33				
34				
35				
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37				
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39				
40				
41				
42				
43	<b>Adjusted Rate of Return on Average Rate Base</b>			
44				
45	<b>Adjusted Rate of Return on Average Equity</b>			

**Other Taxes Paid**

Year: 2013

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax		
2	Montana Public Service Commission Tax	488	629
3	Montana Consumer Counsel Tax	255	189
4	911 Emergency Telephone Fee	11171	10740
5	Montana Telecommunications Access Service (TDD)	1109	1066
6	Montana Corporate License Tax	15	15
7	Personal Property Tax	32329	30695
8	Real Property Tax		
9			
10			
11			
12	<b>Total</b>	45367	43334

**Universal Service Funds Received**

Year: 2013

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	432977	480580
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	<b>Total</b>	432977	480580