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RECEIVED

APR 30 2015

MONT. P.S. COMMISSION

April 30, 2015

Ms. Kate Whitney
Montana Public Service Commission
1701 Prospect Avenue
P.O. Box 202601
Helena, MT 59620-2601

Re: Hot Springs Telephone Company - 2014 Annual Report

Dear Ms. Whitney:

Enclosed is the 2014 Annual Report for Hot Springs Telephone Company, pursuant to Section 69-3-203, MCA and ARM 38.5.2602. One bound copy and one unbound copy are enclosed. Please note that HSTC's Report shows a **loss of \$855,777 for 2014** (\$714,911 loss for 2013) for regulated intrastate services; and an overall company loss of \$104,693 for 2014. Obviously, the company is in a serious financial crisis, due to the FCC Reforms resulting in loss of support; which must be addressed to assure the continued provision of quality service at reasonable rates.

The employee compensation information (Schedule 5, formerly Schedule 27) will be provided following the outcome of the pending Protective Order proceeding, and any possible appeal.

Please contact the undersigned if there are any questions.

Sincerely,

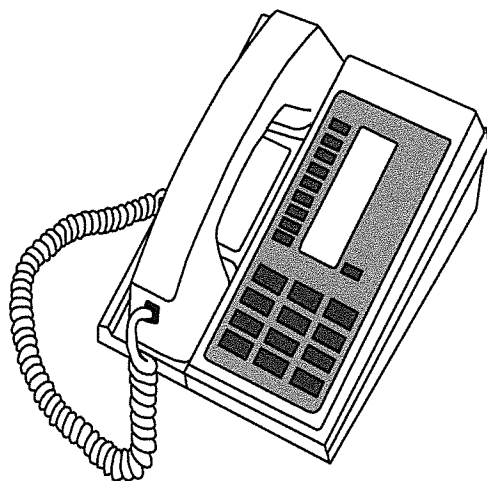


Ivan (Chuck) Evilsizer
Attorney for Hot Springs Telephone Company

Enclosures

YEAR ENDING 2014

ANNUAL REPORT
OF
HOT SPRINGS TELEPHONE
COMPANY
TELEPHONE UTILITY



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

General Information

Year: 2014

1	Legal Name of Respondent:	Hot Springs Telephone Co.
2	Name Under Which Respondent Does Business:	same as above
3	Date of Incorporation:	1/1/1955
4	Address to send Correspondence Concerning Report:	P.O. Box 17740 Missoula, MT. 59808
5	Person Responsible for This Report:	Kathe A. Johnson
5a.	Telephone Number:	406-721-0846
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:	
	1b. Means by which control was held:	N/A
	1c. Percent Ownership:	N/A

Montana Total State Income Statement

Year: 2014

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	441,162	437,065
3	5080	Network Access Revenues	915,473	960,374
4	* 5100	Long Distance Message Revenue	10,432	14,127
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	73,293	64,556
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue	4,300	1,850
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue	76,264	69,913
16	5300	Uncollectible Revenue	(45,430)	(3,400)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	1,475,493	1,544,485
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	260,692	297,542
20	6120	General Support Expense	16,798	22,890
21	6210	Central Office Switching Expense	33,533	44,917
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	118,183	127,607
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	332,389	257,788
29	6530	Network Operations Expense	79,189	77,832
30	6540	Access Expense	84,756	84,477
31	6560	Depreciation and Amortization Expense	163,962	153,150
32	6610	Marketing		
33	6620	Services	189,936	192,384
34	6710	Executive and Planning	64,983	73,133
35	6720	General and Administrative	298,815	311,681
36	6790	Provision for Uncollectible Notes Receivable	87,835	
37		Total Operating Expenses (Sum L.19 to L.36-L.26)	1,731,071	1,643,400
38	7100	Other Operating Income and Expense	99,160	13,481
39	7200	Operating Taxes	19,276	19,444
40		Net Operating Income (L.17-L.37+L.38-L.39)	(175,693)	(104,877)

^ Subaccount of the account marked with a *.

See Schedule 1, HSTC only does business in Montana

Montana Intrastate Income Statement

Year: 2014

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues		
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue	0	0
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	0	0
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	0	0
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	0	0
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.37)	0	0
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)	0	0

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year 2014

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	155,607	168,625
3	5080	Network Access Revenues	78,847	129,551
4	* 5100	Long Distance Message Revenue	0	
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	61,877	63,718
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	45,430	3,400
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	250,901	358,494
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	14,782	21,748
20	6120	General Support Expense	16,798	22,890
21	6210	Central Office Switching Expense	33,533	44,917
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense	118,183	125,032
25	* 6410	Cable and Wire Facilities Expense	0	
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	229,862	145,204
29	6530	Network Operations Expense	79,189	77,832
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense	162,022	151,085
32	6610	Marketing		
33	6620	Services	163,745	171,390
34	6710	Executive and Planning	64,983	73,133
35	6720	General and Administrative	204,306	220,731
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.2	1,087,403	1,053,961
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	19,276	19,444
40		Net Operating Income (L.17-L.37+L.38-L.39)	(855,777)	(714,911)

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2014

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	4384741	4224796
2	3100	Accumulated Depreciation	3353017	3191213
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		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+)	1031724	1033583

HSTC only does business in Montana with less than 5000 access lines

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		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+)	0	0

HSTC only does business in Montana

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		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+)	0	0

Executive Compensation - Montana-Based Employees

Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0

INSTRUCTIONS: Complete this schedule for each executive or manager based in Montana whose total annual compensation exceeded \$100,000. Executives and managers include company presidents, chief executive officers, chief financial officers, vice presidents, and other upper-level managers.