



100 CTE Drive  
Dallas, PA 18612

April 22, 2016

Public Service Commission  
State of Montana  
1701 Prospect Ave, PO Box 202601  
Helena, MT 59620-2601

To Whom It May Concern:

We have enclosed a 2015 Annual Report for Citizens Telecommunications Company of Montana for your review.

If you have any questions regarding this information, please contact me at the number below.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Matushek", with a long, sweeping underline.

Jessica Matushek  
Director, Accounting  
570.631.5003  
jessica.matushek@ftr.com

Company Name:

Citizens Telecommunications Company of Montana

SCHEDULE 1

**General Information**

Year: **2015**

1	Legal Name of Respondent:	Citizens Telecommunications Company of Montana
2	Name Under Which Respondent Does Business:	Frontier Communications of Montana
3	Date of Incorporation:	07/07/93
4	Address to send Correspondence Concerning Report:	100 CTE Drive Dallas, PA 18612
5	Person Responsible for This Report:	Jessica Matushek
5a.	Telephone Number:	570 - 631 - 5003
<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:	Frontier Communications Corporation 401 Merritt 7 Norwalk, CT 06851
	1b. Means by which control was held:	Common Stock
	1c. Percent Ownership:	100%

## Montana Total State Income Statement

Year: 2015

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	1,844,267	1,961,749
3	5080	Network Access Revenues	2,847,275	2,712,524
4	* 5100	Long Distance Message Revenue	34	371
5	^ 5110	Unidirectional Long Distance Revenue	0	0
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	214,754	198,779
10	^ 5230	Directory Revenue	25,455	23,010
11	^ 5240	Rent Revenue	28,987	12,746
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	27,137	27,790
14	^ 5270	Carrier Billing and Collection Revenue	133,175	135,233
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	11,598	20,208
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>4,894,732</b>	<b>4,853,215</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	52,844	42,426
20	6120	General Support Expense	282,437	258,393
21	6210	Central Office Switching Expense	156,115	139,932
22	6220	Operator Systems Expense	783	261
23	6230	Central Office Transmission Expense	137,162	122,142
24	6310	Information Origination/Termination Expense	653	386
25	* 6410	Cable and Wire Facilities Expense	304,645	314,813
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(239)	(49)
29	6530	Network Operations Expense	324,925	363,814
30	6540	Access Expense	153,580	139,629
31	6560	Depreciation and Amortization Expense	1,544,424	1,649,867
32	6610	Marketing	314,482	306,456
33	6620	Services	473,695	526,911
34	6710	Executive and Planning	120,353	90,453
35	6720	General and Administrative	546,701	495,616
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26)</b>	<b>4,412,560</b>	<b>4,451,050</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	925,384	973,753
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>(443,212)</b>	<b>(571,588)</b>

^ Subaccount of the account marked with a \*.

## Montana Intrastate Income Statement

Year: 2015

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	1,844,267	1,961,749
3	5080	Network Access Revenues	279,097	360,033
4	* 5100	Long Distance Message Revenue	34	371
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	147,001	128,968
10	^ 5230	Directory Revenue	25,455	23,010
11	^ 5240	Rent Revenue	28,987	12,746
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	27,137	27,790
14	^ 5270	Carrier Billing and Collection Revenue	65,422	65,422
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	11,598	20,208
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>2,258,801</b>	<b>2,430,913</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	35,506	28,506
20	6120	General Support Expense	189,769	173,614
21	6210	Central Office Switching Expense	104,894	94,020
22	6220	Operator Systems Expense	526	175
23	6230	Central Office Transmission Expense	92,159	82,067
24	6310	Information Origination/Termination Expense	439	260
25	* 6410	Cable and Wire Facilities Expense	204,691	211,523
26	^ 6431	Aerial Wire Expense	0	0
27	^ 6441	Conduit Systems Expense	0	0
28	6510	Other Property, Plant & Equipment Expense	(168)	(35)
29	6530	Network Operations Expense	228,130	255,434
30	6540	Access Expense	90,336	82,129
31	6560	Depreciation and Amortization Expense	1,109,515	1,185,265
32	6610	Marketing	186,079	181,330
33	6620	Services	330,592	367,731
34	6710	Executive and Planning	81,683	61,391
35	6720	General and Administrative	371,046	336,375
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.37)</b>	<b>3,025,196</b>	<b>3,059,785</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	611,771	643,748
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>(1,378,166)</b>	<b>(1,272,620)</b>

^ Subaccount of the account marked with a \*.

## Montana Intrastate Regulated Income Statement

Year: 2015

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	1,844,267	1,961,749
3	5080	Network Access Revenues	279,097	360,033
4	* 5100	Long Distance Message Revenue	34	371
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	147,001	128,968
10	^ 5230	Directory Revenue	25,455	23,010
11	^ 5240	Rent Revenue	28,987	12,746
12	^ 5250	Corporate Operations Revenue	0	0
13	^ 5260	Miscellaneous Revenue	27,137	27,790
14	^ 5270	Carrier Billing and Collection Revenue	65,422	65,422
15	^ 5280	Nonregulated Revenue	0	0
16	5300	Uncollectible Revenue	11,598	20,208
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>2,258,801</b>	<b>2,430,913</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	22,286	17,893
20	6120	General Support Expense	139,224	127,372
21	6210	Central Office Switching Expense	104,894	94,020
22	6220	Operator Systems Expense	526	175
23	6230	Central Office Transmission Expense	90,752	80,814
24	6310	Information Origination/Termination Expense	11	7
25	* 6410	Cable and Wire Facilities Expense	211,523	211,523
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(128)	(26)
29	6530	Network Operations Expense	222,036	248,610
30	6540	Access Expense	102,933	93,583
31	6560	Depreciation and Amortization Expense	1,131,970	1,209,253
32	6610	Marketing	110,376	107,559
33	6620	Services	29,238	32,523
34	6710	Executive and Planning	64,082	48,162
35	6720	General and Administrative	292,247	264,939
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.</b>	<b>2,521,970</b>	<b>2,536,406</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	391,408	411,866
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>(654,577)</b>	<b>(517,359)</b>

^ Subaccount of the account marked with a \*.

**Average Rate Base - Total State**

Year: 2015

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	33,536,338	33,168,371
2	3100	Accumulated Depreciation	30,459,969	29,341,928
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	17,123	9,238
6	4340	Noncurrent Deferred Operating Income Taxes	4,702,013	5,043,951
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+)</b>	<b>(1,608,521)</b>	<b>(1,208,269)</b>

**Average Rate Base - Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	22,170,873	21,927,610
2	3100	Accumulated Depreciation	20,100,534	19,362,738
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	12,687	6,845
6	4340	Noncurrent Deferred Operating Income Taxes	2,009,170	2,155,280
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+)</b>	<b>73,856</b>	<b>416,437</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	21,612,167	21,375,035
2	3100	Accumulated Depreciation	19,616,111	18,896,096
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	12,367	6,672
6	4340	Noncurrent Deferred Operating Income Taxes	480,794	515,759
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+)</b>	<b>1,527,629</b>	<b>1,969,852</b>

**Executive Compensation - Montana-Based Employees**

Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)
There are no employees with compensation exceeding \$100,000				0
				0
				0
				0
				0
				0
				0
				0
<b>Total executive compensation in the aggregate</b>				0