

**EVILSIZER LAW OFFICE**

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RECEIVED

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MONT. P.S. COMMISSION

April 27, 2016

Mr. Will Rosquist  
Montana Public Service Commission, Regulatory Division  
1701 Prospect Avenue  
P.O. Box 202601  
Helena, MT 59620-2601

Re: Hot Springs Telephone Company - 2015 Annual Report

Dear Will:

Enclosed is the 2015 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 \$705,586 for 2015 for regulated intrastate services. Obviously, the company is in a serious financial crisis, which must be addressed to assure the continued provision of quality service at reasonable rates. However, HSTC now faces wireless competition, which makes it impractical to raise local rates.

Schedule 5, (formerly Schedule 27) does not contain any employee compensation information, since HSTC does not have any employees which qualify under the PSC's criteria.

Please contact the undersigned if there are any questions.

Sincerely,



Ivan (Chuck) Evilsizer  
Attorney for Hot Springs Telephone Company

Enclosures

**General Information**

Year: 2015

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: 2015

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	469,438	441,162
3	5080	Network Access Revenues	930,098	915,473
4	* 5100	Long Distance Message Revenue	31,377	10,432
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	61,365	73,293
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue	14,047	4,300
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue	124,226	76,264
16	5300	Uncollectible Revenue	(4,972)	(45,430)
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	1,625,579	1,475,493
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	215,410	260,692
20	6120	General Support Expense	17,735	16,798
21	6210	Central Office Switching Expense	34,337	33,533
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	120,484	118,183
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	315,322	332,389
29	6530	Network Operations Expense	64,412	79,189
30	6540	Access Expense	93,561	84,756
31	6560	Depreciation and Amortization Expense	156,812	163,962
32	6610	Marketing		
33	6620	Services	313,965	189,936
34	6710	Executive and Planning	59,449	64,983
35	6720	General and Administrative	239,931	298,815
36	6790	Provision for Uncollectible Notes Receivable		87,835
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26)</b>	1,631,418	1,731,071
38	7100	Other Operating Income and Expense	25,366	99,160
39	7200	Operating Taxes	21,033	19,276
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	(1,506)	(175,693)

^ Subaccount of the account marked with a \*.

See Schedule 1, HSTC only does business in Montana

**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		
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		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	0	0
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	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		<b>Total Operating Expenses (Sum L.19 to L.36-L.37)</b>	0	0
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>	0	0

^ 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	153,072	155,607
3	5080	Network Access Revenues	50,600	78,847
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	80,142	61,877
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	4,972	45,430
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>278,842</b>	<b>250,901</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	17,357	14,782
20	6120	General Support Expense	17,735	16,798
21	6210	Central Office Switching Expense	34,337	33,533
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense	120,484	118,183
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	188,710	229,862
29	6530	Network Operations Expense	64,412	79,189
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense	150,204	162,022
32	6610	Marketing		
33	6620	Services	148,278	163,745
34	6710	Executive and Planning	59,449	64,983
35	6720	General and Administrative	162,430	204,306
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27-L.28-L.29-L.30-L.31-L.32-L.33-L.34-L.35-L.36)</b>	<b>963,396</b>	<b>1,087,403</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	21,033	19,276
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>(705,586)</b>	<b>(855,777)</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	4420685	4384741
2	3100	Accumulated Depreciation	3507962	3353017
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+)</b>	912723	1031724

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

