

**General Information**

Year: 2016

|                         |  |  |
|-------------------------|--|--|
| 1                       | Legal Name of Respondent:  | CenturyTel of Montana, Inc. d/b/a CenturyLink  |
| 2                       | Name Under Which Respondent Does Business:   | CenturyTel of Montana, Inc. d/b/a CenturyLink  |
| 3                       | Date of Incorporation:   | October 23, 1946   |
| 4                       | Address to send Correspondence Concerning Report:  | 100 CenturyLink Drive<br>Monroe, LA 71203  |
| 5                       | Person Responsible for This Report:  | Lisa F. Grantham<br>Director Separations/Regulatory Finance  |
| 5a.                     | Telephone Number:  | (318) 388-9696   |
| 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:  | Pacific Corp. Holding, Inc. owned 100% of the voting securities of Pacific Telecom, Inc. until 12/1/97 when these securities were sold to CenturyLink, Inc., 100 CenturyLink Drive, Monroe, LA 71203 |
|                         | 1b. Means by which control was held:   | Ownership of voting securities   |
|                         | 1c. Percent Ownership:   | 99%  |

## Montana Total State Income Statement

2016

| Line No. | Acct. No.<br>(a) | Description<br>(b)                                      | This Year<br>(c)  | Last Year<br>(d)  |
|----------|------------------|---|-------------------|-------------------|
| 1        |                  | <b>REVENUES:</b>  |                   |                   |
| 2        | 5000             | Basic Local Service Revenues                            | 12,850,460        | 11,984,015        |
| 3        | 5080             | Network Access Revenues                                 | 18,620,168        | 18,478,720        |
| 4        | * 5100           | Long Distance Message Revenue                           | 77,055            | 108,249           |
| 5        | ^ 5110           | Unidirectional Long Distance Revenue                    | 0                 | 0                 |
| 6        | ^ 5120           | Long Distance Private Network Revenue                   | 77,055            | 108,249           |
| 7        | ^ 5160           | Other Long Distance Revenue                             | 0                 | 0                 |
| 8        | ^ 5169           | Other Long Distance Revenue Settlements                 | 0                 | 0                 |
| 9        | * 5200           | Miscellaneous Revenue                                   | 7,416,733         | 7,284,372         |
| 10       | ^ 5230           | Directory Revenue                                       | 1,804,469         | 1,970,335         |
| 11       | ^ 5240           | Rent Revenue  | 309,065           | 290,853           |
| 12       | ^ 5250           | Corporate Operations Revenue                            | 0                 | 0                 |
| 13       | ^ 5260           | Miscellaneous Revenue                                   | 3,229,312         | 2,888,199         |
| 14       | ^ 5270           | Carrier Billing and Collection Revenue                  | 421,363           | 444,282           |
| 15       | ^ 5280           | Nonregulated Revenue                                    | 1,652,523         | 1,690,703         |
| 16       | 5300             | Uncollectible Revenue                                   | 129,564           | 88,295            |
| 17       |                  | <b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>            | <b>38,834,853</b> | <b>37,767,061</b> |
| 18       |                  | <b>OPERATING EXPENSES:</b>                              |                   |                   |
| 19       | 6110             | Network Support Expense                                 | 24,890            | 27,820            |
| 20       | 6120             | General Support Expense                                 | 1,000,080         | 1,050,832         |
| 21       | 6210             | Central Office Switching Expense                        | 1,176,281         | 1,334,650         |
| 22       | 6220             | Operator Systems Expense                                | 0                 | 0                 |
| 23       | 6230             | Central Office Transmission Expense                     | 448,419           | 339,083           |
| 24       | 6310             | Information Origination/Termination Expense             | 1,160,644         | 1,135,331         |
| 25       | * 6410           | Cable and Wire Facilities Expense                       | 5,272,356         | 5,144,292         |
| 26       | ^ 6431           | Aerial Wire Expense                                     | 483               | 94                |
| 27       | ^ 6441           | Conduit Systems Expense                                 | 0                 | 19                |
| 28       | 6510             | Other Property, Plant & Equipment Expense               | 77,418            | 49,907            |
| 29       | 6530             | Network Operations Expense                              | 1,845,899         | 1,918,799         |
| 30       | 6540             | Access Expense  | 653,303           | 613,645           |
| 31       | 6560             | Depreciation and Amortization Expense                   | 6,198,876         | 6,067,592         |
| 32       | 6610             | Marketing   | 1,867,487         | 1,972,721         |
| 33       | 6620             | Services  | 2,311,243         | 2,671,381         |
| 34       | 6710             | Executive and Planning                                  | 91,727            | 78,735            |
| 35       | 6720             | General and Administrative                              | 2,451,236         | 1,946,113         |
| 36       | 6790             | Provision for Uncollectible Notes Receivable            |                   | 0                 |
| 37       |                  | <b>Total Operating Expenses (Sum L.19 to L.36-L.26)</b> | <b>24,579,859</b> | <b>24,350,900</b> |
| 38       | 7100             | Other Operating Income and Expense                      | 284               | 230               |
| 39       | 7200             | Operating Taxes   | 5,512,193         | 6,510,921         |
| 40       |                  | <b>Net Operating Income (L.17-L.37+L.38-L.39)</b>       | <b>8,743,085</b>  | <b>6,905,471</b>  |

^ Subaccount of the account marked with a \*.

## Montana Intrastate Income Statement

2016

| Line No. | Acct. No.<br>(a) | Description<br>(b)                                      | This Year<br>(c) | Last Year<br>(d) |
|----------|------------------|---|------------------|------------------|
| 1        |                  | <b>REVENUES:</b>  |                  |                  |
| 2        | 5000             | Basic Local Service Revenues                            | 12,850,460       | 11,984,015       |
| 3        | 5080             | Network Access Revenues                                 | 642,808          | 741,704          |
| 4        | * 5100           | Long Distance Message Revenue                           | 77,055           | 108,249          |
| 5        | ^ 5110           | Unidirectional Long Distance Revenue                    | 0                | 0                |
| 6        | ^ 5120           | Long Distance Private Network Revenue                   | 77,055           | 108,249          |
| 7        | ^ 5160           | Other Long Distance Revenue                             | 0                | 0                |
| 8        | ^ 5169           | Other Long Distance Revenue Settlements                 | 0                | 0                |
| 9        | * 5200           | Miscellaneous Revenue                                   | 5,190,448        | 5,046,667        |
| 10       | ^ 5230           | Directory Revenue                                       | 1,804,469        | 1,970,335        |
| 11       | ^ 5240           | Rent Revenue  | 208,631          | 195,560          |
| 12       | ^ 5250           | Corporate Operations Revenue                            | 0                | 0                |
| 13       | ^ 5260           | Miscellaneous Revenue                                   | 3,102,917        | 2,805,001        |
| 14       | ^ 5270           | Carrier Billing and Collection Revenue                  | 74,431           | 75,771           |
| 15       | ^ 5280           | Nonregulated Revenue                                    | 0                | 0                |
| 16       | 5300             | Uncollectible Revenue                                   | 94,273           | 77,607           |
| 17       |                  | <b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>            | 18,666,499       | 17,803,028       |
| 18       |                  | <b>OPERATING EXPENSES:</b>                              |                  |                  |
| 19       | 6110             | Network Support Expense                                 | 15,385           | 17,163           |
| 20       | 6120             | General Support Expense                                 | 633,363          | 661,610          |
| 21       | 6210             | Central Office Switching Expense                        | 634,633          | 720,077          |
| 22       | 6220             | Operator Systems Expense                                | 0                | 0                |
| 23       | 6230             | Central Office Transmission Expense                     | 241,933          | 182,944          |
| 24       | 6310             | Information Origination/Termination Expense             | 0                | 0                |
| 25       | * 6410           | Cable and Wire Facilities Expense                       | 3,852,549        | 3,758,989        |
| 26       | ^ 6431           | Aerial Wire Expense                                     | 353              | 69               |
| 27       | ^ 6441           | Conduit Systems Expense                                 | 0                | 14               |
| 28       | 6510             | Other Property, Plant & Equipment Expense               | 50,143           | 31,622           |
| 29       | 6530             | Network Operations Expense                              | 1,199,505        | 1,246,828        |
| 30       | 6540             | Access Expense  | (6,305)          | 5,820            |
| 31       | 6560             | Depreciation and Amortization Expense                   | 3,969,276        | 3,675,501        |
| 32       | 6610             | Marketing   | 1,370,089        | 1,440,092        |
| 33       | 6620             | Services  | 1,797,746        | 2,041,940        |
| 34       | 6710             | Executive and Planning                                  | 62,366           | 53,272           |
| 35       | 6720             | General and Administrative                              | 1,660,319        | 1,311,699        |
| 36       | 6790             | Provision for Uncollectible Notes Receivable            | 0                | 0                |
| 37       |                  | <b>Total Operating Expenses (Sum L.19 to L.36-L.37)</b> | 15,481,003       | 15,147,556       |
| 38       | 7100             | Other Operating Income and Expense                      | 0                | 0                |
| 39       | 7200             | Operating Taxes   | 1,776,046        | 1,841,177        |
| 40       |                  | <b>Net Operating Income (L.17-L.37+L.38-L.39)</b>       | 1,409,449        | 814,295          |

^ Subaccount of the account marked with a \*.

## Montana Intrastate Regulated Income Statement

2016

| Line No. | Acct. No.<br>(a) | Description<br>(b)                                      | This Year<br>(c) | Last Year<br>(d) |
|----------|------------------|---|------------------|------------------|
| 1        |                  | <b>REVENUES:</b>  |                  |                  |
| 2        | 5000             | Basic Local Service Revenues                            | 10,571,887       | 11,686,159       |
| 3        | 5080             | Network Access Revenues                                 | 446,783          | 608,987          |
| 4        | * 5100           | Long Distance Message Revenue                           | 64,361           | 90,463           |
| 5        | ^ 5110           | Unidirectional Long Distance Revenue                    | 0                | 0                |
| 6        | ^ 5120           | Long Distance Private Network Revenue                   | 64,361           | 90,498           |
| 7        | ^ 5160           | Other Long Distance Revenue                             | 0                | (36)             |
| 8        | ^ 5169           | Other Long Distance Revenue Settlements                 | 0                | 0                |
| 9        | * 5200           | Miscellaneous Revenue                                   | 62,648           | 79,896           |
| 10       | ^ 5230           | Directory Revenue                                       | 66,611           | 64,564           |
| 11       | ^ 5240           | Rent Revenue  | 0                | 0                |
| 12       | ^ 5250           | Corporate Operations Revenue                            | 0                | 0                |
| 13       | ^ 5260           | Miscellaneous Revenue                                   | (3,962)          | 15,332           |
| 14       | ^ 5270           | Carrier Billing and Collection Revenue                  | 0                | 0                |
| 15       | ^ 5280           | Nonregulated Revenue                                    | 0                | 0                |
| 16       | 5300             | Uncollectible Revenue                                   | 95,607           | 65,674           |
| 17       |                  | <b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>            | 11,050,072       | 12,399,832       |
| 18       |                  | <b>OPERATING EXPENSES:</b>                              |                  |                  |
| 19       | 6110             | Network Support Expense                                 | 15,056           | 16,796           |
| 20       | 6120             | General Support Expense                                 | 619,818          | 647,461          |
| 21       | 6210             | Central Office Switching Expense                        | 619,308          | 702,689          |
| 22       | 6220             | Operator Systems Expense                                | 0                | 0                |
| 23       | 6230             | Central Office Transmission Expense                     | 236,091          | 178,526          |
| 24       | 6310             | Information Origination/Termination Expense             | 0                | 0                |
| 25       | * 6410           | Cable and Wire Facilities Expense                       | 3,775,934        | 3,684,234        |
| 26       | ^ 6431           | Aerial Wire Expense                                     | 346              | 68               |
| 27       | ^ 6441           | Conduit Systems Expense                                 | 0                | 14               |
| 28       | 6510             | Other Property, Plant & Equipment Expense               | 49,071           | 30,946           |
| 29       | 6530             | Network Operations Expense                              | 1,173,855        | 1,220,166        |
| 30       | 6540             | Access Expense  | (6,305)          | 5,820            |
| 31       | 6560             | Depreciation and Amortization Expense                   | 3,863,967        | 3,577,986        |
| 32       | 6610             | Marketing   | 1,321,549        | 1,389,072        |
| 33       | 6620             | Services  | 1,613,812        | 1,833,022        |
| 34       | 6710             | Executive and Planning                                  | 59,369           | 50,712           |
| 35       | 6720             | General and Administrative                              | 1,541,371        | 1,217,727        |
| 36       | 6790             | Provision for Uncollectible Notes Receivable            | 0                | 0                |
| 37       |                  | <b>Total Operating Expenses (Sum L.19 to L.36-L.37)</b> | 14,882,897       | 14,555,156       |
| 38       | 7100             | Other Operating Income and Expense                      | 0                | 0                |
| 39       | 7200             | Operating Taxes   | (386,879)        | (61,698)         |
| 40       |                  | <b>Net Operating Income (L.17-L.37+L.38-L.39)</b>       | (3,445,946)      | (2,093,626)      |

^ Subaccount of the account marked with a \*.

**Average Rate Base - Total State**

2016

| Line No. | Acct. No.<br>(a) | Description<br>(b)  | This Year<br>(c)  | Last Year<br>(d)  |
|----------|------------------|---|-------------------|-------------------|
| 1        | 2001             | Telecommunications Plant in Service                           | 177,870,303       | 175,111,984       |
| 2        | 3100             | Accumulated Depreciation                                      | 147,504,240       | 140,732,176       |
| 3        | 2002             | Property Held for Future Telecommunications Use               |                   | -                 |
| 4        | 3200             | Accumulated Depreciation - 2002                               |                   | -                 |
| 5        | 1220             | Materials and Supplies  | 1,952             | 1,952             |
| 6        | 4340             | Noncurrent Deferred Operating Income Taxes                    | 7,342,942         | 8,598,525         |
| 7        |                  | Pre-1971 Unamortized Investment Tax Credits                   |                   | -                 |
| 8        |                  | Cash Working Capital (if allowed by Commission)               | 696,091           | 690,163           |
| 9        |                  | <b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+)</b> | <b>23,721,164</b> | <b>26,473,398</b> |

**Average Rate Base - Intrastate**

| Line No. | Acct. No.<br>(a) | Description<br>(b)  | This Year<br>(c)  | Last Year<br>(d)  |
|----------|------------------|---|-------------------|-------------------|
| 1        | 2001             | Telecommunications Plant in Service                           | 115,584,036       | 113,791,620       |
| 2        | 3100             | Accumulated Depreciation                                      | 93,681,614        | 89,380,599        |
| 3        | 2002             | Property Held for Future Telecommunications Use               |                   | -                 |
| 4        | 3200             | Accumulated Depreciation - 2002                               |                   | -                 |
| 5        | 1220             | Materials and Supplies  | 1,426             | 1,426             |
| 6        | 4340             | Noncurrent Deferred Operating Income Taxes                    | 4,771,606         | 5,587,512         |
| 7        |                  | Pre-1971 Unamortized Investment Tax Credits                   | 998,294           | 172,489           |
| 8        |                  | Cash Working Capital (if allowed by Commission)               | 473,085           | 471,454           |
| 9        |                  | <b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+)</b> | <b>16,607,033</b> | <b>19,123,901</b> |

**Average Rate Base - Regulated Intrastate**

| Line No. | Acct. No.<br>(a) | Description<br>(b)  | This Year<br>(c)  | Last Year<br>(d)  |
|----------|------------------|---|-------------------|-------------------|
| 1        | 2001             | Telecommunications Plant in Service                           | 113,112,350       | 111,358,264       |
| 2        | 3100             | Accumulated Depreciation                                      | 91,731,297        | 87,519,823        |
| 3        | 2002             | Property Held for Future Telecommunications Use               |                   | -                 |
| 4        | 3200             | Accumulated Depreciation - 2002                               |                   | -                 |
| 5        | 1220             | Materials and Supplies  | 1,398             | 1,398             |
| 6        | 4340             | Noncurrent Deferred Operating Income Taxes                    | 4,669,571         | 5,468,030         |
| 7        |                  | Pre-1971 Unamortized Investment Tax Credits                   |                   | -                 |
| 8        |                  | Cash Working Capital (if allowed by Commission)               | 452,833           | 451,117           |
| 9        |                  | <b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+)</b> | <b>17,165,713</b> | <b>18,822,926</b> |

**Executive Compensation - Montana-Based Employees**

| Name/Title<br>(a)  | Base<br>Salary<br>(b) | Bonuses<br>(c) | Other<br>Compensation<br>(d) | Total<br>Compensation<br>(e) |
|--|-----------------------|----------------|------------------------------|------------------------------|
| CenturyLink has no presidents, chief executive officers, chief financial officers, vice presidents or upper-level managers based in Montana. |                       |                |                              |                              |
|  |                       |                |                              | 0                            |
|  |                       |                |                              | 0                            |
|  |                       |                |                              | 0                            |
|  |                       |                |                              | 0                            |
|  |                       |                |                              | 0                            |
|  |                       |                |                              | 0                            |
|  |                       |                |                              | 0                            |
| <b>Total executive compensation in the aggregate</b>   |                       |                |                              | <b>0</b>                     |